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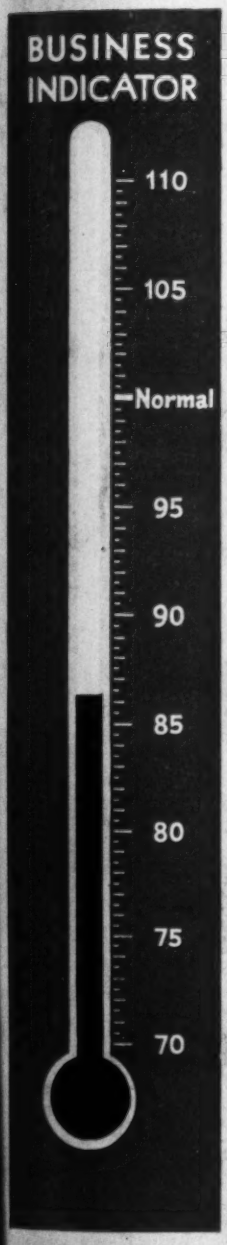
THE BUSINESS WEEK

SEPTEMBER 10, 1930



THE slow, uncertain, seasonal upturn in business from the low point at the end of July shows signs of beginning to lag alarmingly under the weight of widespread inertia of financial leadership and business initiative. . . . . After rising steadily for three weeks, our index of general business activity has fallen back sharply from 89.1% of normal to 86.5%, the lowest so far reached. (See pages 35-36). . . . . Although steel and coal production, freight movement, and currency in circulation continue to respond fairly strongly to expanding seasonal demand, building, electric power output, commercial borrowing, and general trade have turned unseasonally slack. After the promising check to falling commodity prices in August, they have again weakened, as the Federal Reserve has relaxed its open market pressure toward credit expansion. . . . . Despite deepening depression and disturbance abroad, no moves are being made to rescue business from the bears' claws, and the stock market refuses to advance in face of them. . . . . These are the decisive days that will determine whether the relatively mild recession so far is to settle into stubborn stagnation or swing into strong recovery.

15 CENTS

McGRAW-HILL PUBLISHING COMPANY INC.

Why millions of motorists now stop at ETHYL PUMPS

ETHYL makes such a difference in motor car performance that more than 75 oil refining companies are now mixing and selling Ethyl Gasoline.

"Is there any difference," you may ask, "between the Ethyl Gasoline sold by one company and that sold by others?" The answer is this:

The Ethyl Gasoline Corporation requires that *all* Ethyl Gasoline must contain enough Ethyl anti-knock fluid to meet the Ethyl standard of anti-knock quality. It also sets a standard for the base gasoline used, as regards purity and volatility.

Most oil companies mixing and selling Ethyl Gasoline are exceeding these minimum standards, but you may be sure that *any* pump bearing the Ethyl emblem contains good gasoline of an anti-knock rating sufficiently high to "knock out that 'knock'" in cars of ordinary compression and develop the additional power of the new high-compression cars. Ethyl Gasoline Corporation, Chrysler Building, New York City.

The active ingredient in Ethyl fluid is lead

Knocks out that "knock"

***Your* car will run better with Ethyl.** Try Ethyl in your own car. See how much better it performs; how much longer you stay in high; how much faster you get away. You'll find it more enjoyable and economical to drive with Ethyl in your tank.

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ETHYL GASOLINE

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What's In This Issue —And Why

Metering the Upturn

METERING every light turned on, every motor started, electric utility men have unequalled opportunity to observe conditions. Confidential replies to nation-wide canvass of largest utilities say business upturn has begun; is uneven geographically; may be slow at first; will gain momentum. (page 5)

Shopping Revives

BRISK revival of retail trade finds stocks depleted, lines incomplete, selection small. Wholesalers and manufacturers are implored for spot deliveries. (page 6)

Catalogue Homes

SEARS, ROEBUCK sells 100 dwellings for a Long Island development—possibly the largest single "mail order" sale. (page 7)

Furniture Fashions

TONIC for anaemic sales, manufacturers and dealers in 350 cities simultaneously will hold "National Home Furnishing Style Show," backed by huge advertising campaign. (page 9)

Chain Prices

EXPECTING the usual avalanche of explaining and expostulating letters, we report that a study of food prices in Lexington, Ky., chain and independent stores showed the chains sold cheaper. (page 10)

Drought Banks

Too long for commercial terms, too short for bonds, intermediate credit needed by farmers long has bothered banks. Agricultural credit corporations, organized to give drought relief, may find they have a permanent job. (page 15)

Farm Income

ESTIMATES of the farmer's probable income continue to vary widely; drought relief measures create dissatisfaction in important areas; wheat prices still sag; cotton is firmer. (page 13)

Wheat Bootleggers

CANADIAN Wheat Pool, badly licked last season, sets initial payment on new crop at 60 cents, 25 cents lower than ever before. Farmers are sore; will "bootleg" wheat to market. (page 16)

Dark Southern Nights

SOUTHERN textile mills make rapid progress toward eliminating night work, to stabilize production. (page 18)

Can't Knock Wood

INSPIRED, no doubt, by the "nasty word" campaign, an ingenious maker puts out a cigar with self-contained wooden mouthpiece. (page 10)

Northwest Banks

ST. PAUL–Minneapolis bank groups are the country's greatest; they grew out of the peculiar needs and troublous politico-financial history of the region. (page 24)

Federal Reserve Handicap

PARADOX: Roy A. Young cannot afford to remain head of the whole Federal Reserve System; can earn 2½ times as much by heading the Boston unit. (page 36)

Canned Gas

PROPANE and butane, sold in drums, serve Pacific Coast communities beyond ends of gas lines; the service proves highly popular. (page 22)

Motors Overseas

AUTOMOBILE exports drop sharply; trucks stand up best. (page 26)

Balkan–Baltic Union

NINE Balkan and Baltic countries—95 million inhabitants, great in agriculture—make real progress toward economic union. (page 30)

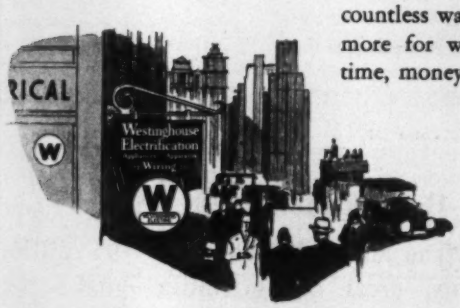
FOUND ...

a way to improve ALADDIN'S LAMP

LESS than three years ago a row of glow tubes sat in a test rack before a window in the Westinghouse research laboratories at East Pittsburgh.

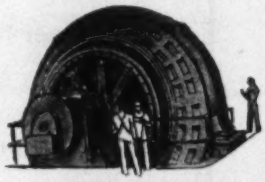
D. D. Knowles, research engineer, glanced at them one morning and noticed that some of the tubes quite unexpectedly were glowing, while others were not. Some tubes glowed when the sun was shining and went dark on cloudy days; others responded when a hand touched the glass

It was quickly recognized that an important new electrical development had come to light. Thousands of tubes were made and tested. Shapes of various parts were altered until a relay was available—so sensitive that a tiny pulsation of energy, less than that expended by a fly walking on a window pane, was made to control enough current to operate machines rated at thousands of horsepower. Thus was born the grid-glow tube.



Because of this development a hand waved lightly over a crystal ball in New York City started giant motors in the Homestead Steel mills hundreds of miles away. Aladdin's lamp, which had to be rubbed to get results, is outrivaled by the grid-glow tube which responds to a mere wave of the hand.

To magnify human capacities is the daily work of the Westinghouse organization. In research, in the design of electrical and allied equipment, in



the application of electrical power to new tasks, in the distribution of electrical apparatus for homes, business, and industry, Westinghouse is constantly active . . . to the end that electricity may continue in countless ways to help you get more for what you spend of time, money, and energy.

ELECTRIC POWER BUILDS BUYING POWER

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending September 6, 1930

Business Has Rounded the Turn, Say Nation's Utility Heads

Reports From All Over Country Show Them Preparing For Improvement Now Expected

LEADING utility executives in all parts of the country are almost unanimously agreed that the worst of the business depression is over, that a slow but steady improvement may now be expected. This opinion reflects the observation of men who are in an exceptionally favorable position to judge conditions in their territories impartially and accurately, represents the experience of an industry that is swiftly responsive to changes in conditions.

In confidential reports to the *Electrical World*, these executives point out that: (1) Commodity markets show a slightly improved tone indicating that the commodity price decline has probably been checked; (2) Confidence is slowly returning and, despite the stagnant condition existing in many lines, it would take only a slight improvement in a few basic ones to induce buying of materials and equipment; (3) Most factors point to a slow and rather painful upward trend with gradually increasing momentum; (4) Savings banks are building up deposits and have plenty of money for expansion.

The Roll of Industries

They list as industries making the most rapid recovery in each territory: New England—silk; Atlantic—shipbuilding, oil refining, chemical; Middle West—building, wire-drawing, radio, gasoline pumps; West—food, agriculture and livestock, railroads; South—automotive parts, furniture, steel and steel products, building.

They cite as industries most affected by the depression in each section: New England—automobile accessories, manufacturing; Atlantic—textiles, steel, rayon, automotive, building, rubber, automobile accessories, chemicals; Middle West—steel and steel products; West—building, contracting, manufacturing, railroads; South—lumber, railroads, textiles, furniture.

Queried as to developments in their own field, these utility executives submit evidence that: (1) An aggressive campaign for commercial and domestic business has brought gross and net revenues up to or above 1929 levels, despite heavy decreases in power sales; (2) The utilities have spent and are continuing to spend budgeted money for generating and transmission facilities, to be ready for renewed power demands; (3) They have increased the volume of appliance sales; (4) They have not attempted to economize by curtailing sales activities and their balance sheets prove the wisdom of this policy.

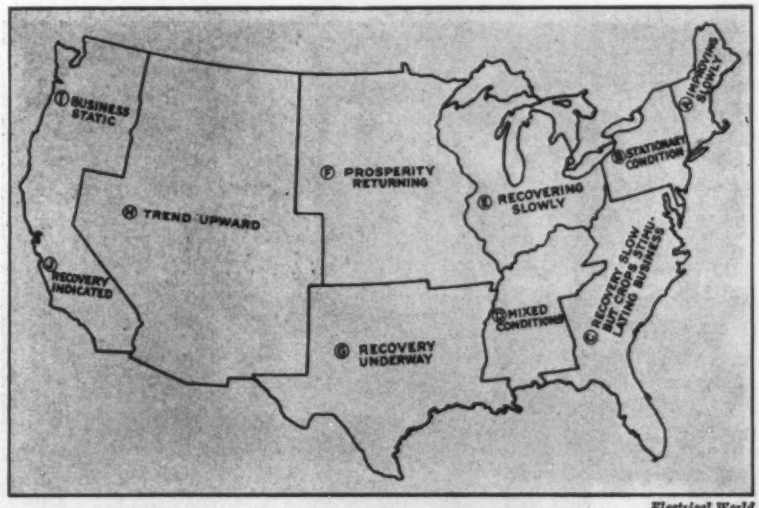
Comparison of energy sales up to August with those for the same period last year shows a majority of executives reporting rather split increase in power but substantial gains in domestic sales—some running as high as 25%. Decreases cited come specially high in power sales—14% in one case, 24% in another.

For a majority the depression did not bring any appreciable scaling down of building programs or budgets. Only two report a reduction in transmission expenditures; only one, a curtailment in substation and distribution program.

Labor Costs No Less

Replies to the question of whether the drop in general commodity prices had been reflected in prices for electrical and mechanical equipment and in labor and building material costs are evenly divided. One or two call attention to the effect of lower copper and lumber prices; few admit any savings on labor costs, except in the case of unskilled labor.

On the money and credit situation in



Electrical World

THE MAP AS UTILITY MEN SEE IT

(A) Pulp industry improving. Woolen industry still depressed. Savings accounts static. Vacationists not spending. (B) Doubtful if depression has spent itself. No definite industrial recovery. Money plentiful. (C) Shipbuilding and oil refining more active. No positive sign of upward turn generally. Incoming crops stimulating trade. Building slightly more active. (D) Woodworking and building supplies more active. Crops affecting trade favorably. Few major industries show recovery. (E) Smaller plants opening up. Building more active. Several industries more active. (F) Railroad earnings up. Agriculture best in 3 years. Slow improvement indicated. (G) Depression not completed in northern area. Recovery under way elsewhere. Money plentiful. (H) Merchandise stocks reduced. Confidence reestablished. Building and contracting active. Savings accounts up. (I) Money scarce and business inactive. Lumber industry in bad shape. (J) Building projects increasing. Industries slowly reviving. Savings accounts up slightly

their localities, most of these executives say that savings accounts are increasing; agree that banks are able to supply industry with needed funds at reasonable rates. One reply notes a decline in deposits. Two admit difficulty in obtaining funds, one in the Middle West explaining: "There are enormous amounts of frozen assets in mortgages on real estate in and around this territory. Real estate men probably will have to do a certain amount of house cleaning before banks will be more liberal in their loans."

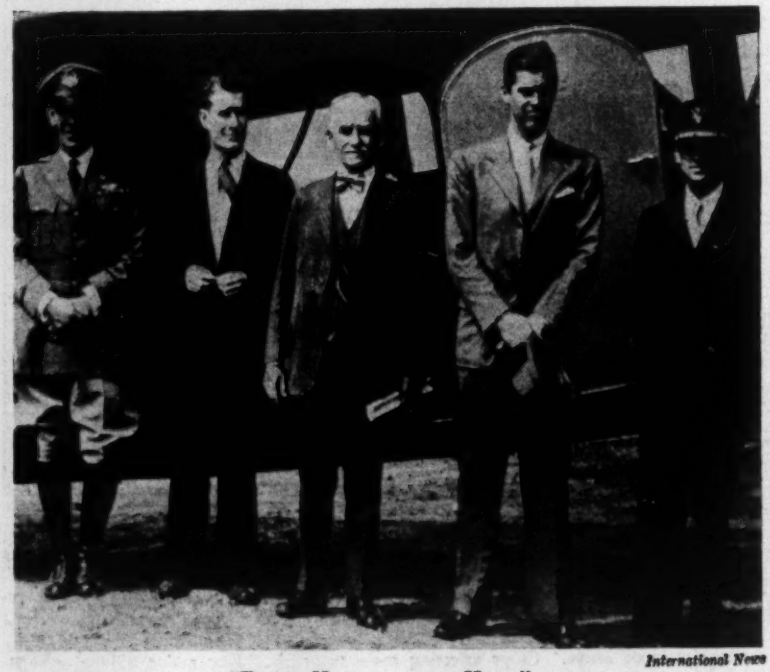
Public Starts to Buy Goods; Stores Caught with Bare Shelves

Reduced Prices, Fall Needs, Bring Out Shoppers Who Find Incomplete Sizes and Small Selection

UNMISTAKABLE signs indicate that wholesale and retail trade has passed "low water slack" of its business tide and is resuming a gradual but very definite upward flow. Public buying is stimulated unquestionably by the downward adjustment of retail prices, finally recognized as inevitable by even the most stubborn retailers and made effective in late July and early August (*The Business Week*, Aug. 13). The mid-August break of the extended heat wave also helped buying.

Happenings of the last three weeks convinced many wholesalers that the talk of empty shelves in retail stores was by no means a myth, but is serious reality.

Independent merchants confess to frequent losses of sales due to lack of goods, or to incomplete selections. Even some of the national chains of department stores have held stocks at such low levels that with a resumption of retail buying their stores are suffering loss of sales and prestige. Frantic telephone or telegraph appeals to buying offices bring the reply that wholesalers or manufacturers are unable to make spot deliveries.



International News

"EVERY HOUR ON THE HOUR"

The first plane north on the New York, Philadelphia & Washington Airways carried (left to right) Major-General J. E. Fechet, chief of the Army Air Corps; Linton Burkett; J. Q. Walton of the Coast Guard; N. S. Ludington, president of the line; and H. J. Brown, the pilot. Service began on Labor Day; 225 passengers were carried in 22 trips

Wide World

BERNARD M. BARUCH

The financier returns to this country on the Europa after a holiday abroad

Manufacturers have held down output, while wholesalers have reduced their investments in merchandise that right now would produce long-looked-for orders.

Too recent to be reflected as yet in statistics, the incoming business tide is felt in many quarters.

The gloom-dispensing Worth Street contingent of the sorely tried textile industry is perking up, brushing up, coming out of its cyclone cellar, and finds the outlook decidedly favorable. With business averaging 40% lower than 1929 during the first 7 months, orders placed the last two weeks of August cut the decline to 25%, early September days bringing continued buying.

Hope to Make Up Losses

Iselin, Jefferson & Co., cotton merchants, feel that the remainder of the year will make good the losses of early months, because retailers are known to have starved their stocks dangerously and must rebuild assortments and reserves of merchandise.

Marshall Field & Co., Chicago, Wholesale Department reports Wearwell Mills have tripled production to provide more prompt deliveries, while other mills are actually unable to supply the demand.

Woodward Baldwin & Co. say orders are coming in good quantities, with large buyers attempting to cover requirements into 1931 at present low levels.

General Electric Co. noted the lowest level of new business reached early in August and measurable improvement

since then with continued betterment in prospect.

Makers of floor coverings report noticeable gains in orders.

Mail order houses are finding business better. Montgomery Ward & Co. recorded a decline of nearly $4 millions in August sales, compared with 1929 when the freight prepayment policy, just inaugurated, brought sales up 46.73% above 1928. But Montgomery Ward's total sales for 1930 are still 1.3% higher than 1929.

John David, large manufacturer and retailer of men's clothing, found July and August business good, 4½% above 1929; expects gradual improvement to continue.

Credit Clearing House, using its clearing house index as yardstick, records a sharp rise in wholesale trade during the week ending Aug. 30, reflected by a jump of 28 points on the index to 160, against 129 a year ago, average of orders for the last week in August being $388 against $360 a year ago.

In the retail field, improvement in sales came with early August, gaining momentum throughout the month. R. H. Macy & Co., New York, for instance, found a very sharp upturn during the last week of August, continuing into September.

In many lines manufacturers and wholesalers openly predict serious shortages of goods in retail stores, the one exception being in the food field, where wholesale grocers report ample stocks on hand, normal buying by retailers, and no unseasonable improvement in recent weeks.

Possibility exists that over-caution in the past, still prevailing, skepticism amongst retailers, short stocks, incomplete sizes and selections, may keep retail sales volume in various lines well below the true obtainable total, thus retarding wholesale buying, manufacturers' production, general business recovery.

Need for utmost support of the present very evident trend toward better business is shown in the U. S. Dept. of Commerce report of retail business during the first half of 1930 in 523 retail establishments located in 24 leading cities, in which total sales of $560 millions were 6.7% below 1929. Only 3 cities showed increases—Baltimore up 3%, Minneapolis up 1.6%, Richmond up 4.4%—the balance of 21 cities recording lost volume ranging up to 16.5% (Detroit); department store sales were off 5.3%; furniture off 14.1%, jewelry off 19.5%, men's clothing off 10.1%, shoes off 10.2%, only electrical appliance scoring a small gain (0.1%).

Sears, Roebuck Joins Promoters To Erect Group of 100 Homes

ADDING nearly $1 million to its 1930 dollar volume in one sale, the Home Construction Division of Sears, Roebuck & Co. has agreed to sell 100 of its standardized dwellings to Brady, Cryan & Colleran, Inc., promoters of Massapequa Park, Long Island. The transaction reflects some marked departures from presumably ironclad policies.

To prevent ready identification as "another one of those Sears, Roebuck houses," roofs and exteriors will be finished differently than specified in catalogue, stucco side walls substituted for clapboard, brick veneer for stucco. Interior arrangements will remain substantially unchanged.

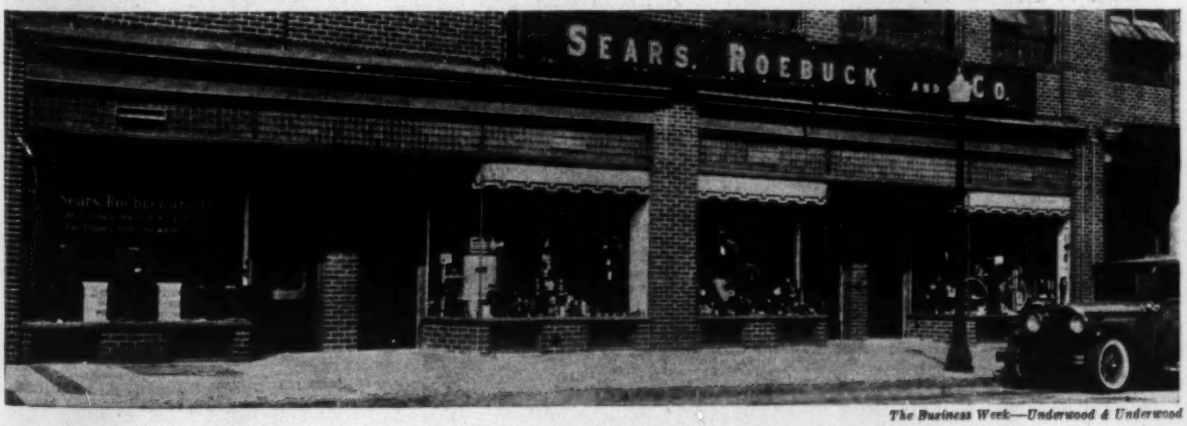
Sales resistance is further reduced through a new finance plan so that for instance the "Strathmore" home, priced at $9,495, can be bought for $995 down. Sears, Roebuck carries a mortgage for $7,700, the promoters taking a second mortgage for $800 on which they promise a substantial discount if cash is paid at time of settlement. Monthly payments of $65.91 will amortize the Sears mortgage in 15 years including all interest charges.

All construction material except lighting fixtures will be furnished by Sears, Roebuck & Co., while actual erection of houses is in charge of Massapequa Construction Co., offspring of the promoters.

Mr. Curtis Removes An Ancient Prejudice

INCREASING importance of cigarette advertising volume, decreasing revenue from other fields, are considered factors responsible for Cyrus H. K. Curtis' consent to remove an "ancient prejudice" and admit cigarette copy to his *Saturday Evening Post*, beginning with the October 4 issue.

While he has welcomed cigar and pipe tobacco advertising to his columns,



The Business Week—Underwood & Underwood

NEWEST AND NEAREST TO THE METROPOLIS

This Sears, Roebuck store has just opened in Mt. Vernon, a suburb of New York. It features automobile and household accessories. On the left is a separate display room for home builders

cigarettes have been kept outside the pale since he acquired to *Post* in 1897, excepting for a brief interval in 1915.

Cigarette manufacturers spent $2,790,000 for magazine space in the first 8 months of 1930, Lucky Strike heading the list with $983,000. Those who contemplate accepting the accolade from the Philadelphia publisher must now decide whether to increase appropriations or revise their media lists.

Candy Chains Combine Search for Profits

LOFT, INC., now owner of 3 candy store chains, is wondering whether volume expansion is the way out of the hole in which all 3 have recently found themselves.

Its own organization caught in the throes of an intra-company struggle for management finished 1929 with a net income of $5,776 on sales of more than $7 millions; earnings have dropped $140,000 below the 1929 level in the first 6 months of 1930. The Happiness and Mirror chains, which it has just acquired through purchase of interests held by the United Cigar Stores Co., showed losses in 1929—$9,204 for Mirror, $306,717 on sales of $9¾ millions for Happiness.

Loft's difficult job will be to build up annual sales, now barely higher than the more than $20-millions asset valuation of the 3 heavily capitalized chains, to a point at which operating profits can be shown. The drop in sugar, chief candy ingredient, to the lowest price in its history will be a small help. So will merger economies implied in the announcement that all officers and directors of the Happiness and Mirror units have resigned, that manufacturing facilities are to be consolidated.

Britons Lack Funds For Steel Reform

AMERICAN steel leaders believe that, even if the prejudices of British conservatism can be overcome, present financial tightness will block any attempt at immediate adoption of the recommendations for the rationalization of the British steel industry which are to be presented to its dominant group at a meeting in London next week by J. Leonard Replogle, wartime "steel administrator" for the U. S. government.

These include: scrapping of obsolete plants; "integration" into one company of all the separate processes and units in steel manufacture; injection of new managerial talent even to the point of doing away with the father-to-son tradition in family-owned companies; construction of a model steel plant costing $300 million with a capacity of 3 million tons of steel a year.

Mr. Replogle's study has complete approval of principal American steel leaders who believe that any increase in Britain's buying power will react favorably to the United States. They point out that American steel goes abroad, not as raw steel, but in finished or semi-finished articles.

The report reveals that France, since the war, has become the world's greatest steel exporter; that Britain's exports have decreased 97% from pre-war figures; Germany's, 52%.

International News

FRENCH BANKERS ARRIVE TO STUDY YANKEE METHODS

Boston, Chicago, and Washington are included in the itinerary of a group of 14 French bankers. They will spend 6 days in New York. In the picture are: Louis Simler, Yves Simler, Charles Vieu, Stephane Leven, Georges Leven, Georges Leon, Pierre LeGrand, Edouard Sitri (general manager of the Vasseur Bank, Paris), and Jean Picard

Lena Award Threatens Soviet Credit Standing

THE Soviets are in a ticklish position as a result of recent arbitration on the Lena Goldfields case. The decision, handed down in London by Sir Leslie Scott, lawyer appointed by the Lena Goldfields company, and Dr. Otto Stutzer, the neutral representative elected by both parties, orders the Soviet government to pay $65,000,000 to the Lena Goldfields, Ltd., because, in the court's opinion, it prevented the company from carrying out the terms of its 1925 concession to develop huge gold deposits in the Urals and in Siberian Russia.

The Soviets, because they were not represented on the tribunal, are disinclined to accept the decision. However, part of the total investment of $17,500,000 which is not reinvested profit, came originally from influential British and American business men. Russia, so far, has scrupulously maintained her credit standing in every country with which she does business. If the world accepts this London decision and Russia refuses to acknowledge it, resultant ill will may seriously hinder Soviet buying on hard-won credit terms.

In London, an official of Lena Goldfields told *The Business Week* representative that the award is likely to be paid—probably no more than $1 million cash, balance in long-term bonds.

Less optimistic opinion in Berlin and London anticipates flat repudiation by the Soviets or some move to have the award added to general Russian debts now being considered by a special committee in London.

Furniture Industry Organizes Style Shows to Revive Sales

Will Attack Buying Slump by Cooperative Program, National Advertising, New Standards of Quality

FURNITURE manufacturers and dealers, exceptionally hard-hit by the business depression, are getting ready to try the nation-wide cooperative merchandising drive which their leaders have prescribed for weakened morale and anæmic sales. In every American community in which a group of dealers can be organized, a "National Home Furnishing Style Show" will be held from September 24 to October 4.

Dealers in more than 350 cities are already arranging such shows, and placing advertising to tie in with the industry's national publicity program. This includes large-space advertising in prominent magazines, multiple-page sections in several of them, special broadcasts from more than 200 radio stations.

First as an Industry

While individual manufacturers in other lines have promoted similar widespread sales-stimulating efforts, this is probably the first time that manufacturers and distributors in a whole industry have jointly undertaken to stage simultaneous local merchandising shows covering the whole country.

The furniture industry has suffered so severely from over-production, price-cutting, disastrous merchandising practices, that a heroic effort was needed. Against about 50 failures a year in normal times, 215 manufacturers went under in the first 6 months of 1930. The industry has been expecting to see around 400 more forced to liquidate before the end of the year.

Some manufacturers have tried to cut losses by seeking economies through mergers. Most recent large merger is that of 3 factories at Martinsville, Va., forming the Bassett Furniture Industries Corp., capitalized at $5 million. Component companies have a $10-million annual output.

Other efforts to cope with the depression have been made through wayside furniture shops to reach buyers in outlying districts and attract passing motorists; house-to-house canvassing in some districts; special furniture sales by department stores. Sales of outdoor furniture and awnings for miniature golf brought in unforeseen profits.

Tackling the basic over-production problem, the National Furniture Manufacturers Association, co-sponsor of the coming style show, has undertaken to establish minimum standards of quality for some items, hoping to raise quality and reduce quantity of output. Dealers are being taught better merchandising methods, helped out with special posters and display material, urged to pare down expenses of operation after study of cost figures for the industry.

Pacific & Atlantic

VALUABLE SMOKE

The Federal Trade Commission was burned out of its quarters in one of the temporary war-time buildings. Records of its many investigations of business went up in smoke

Office Furniture Goes In for Annual Models

STUDIES by government technical experts show that startling things are happening to the interiors of business ante-rooms and offices. Business men are becoming furniture-conscious.

Furniture manufacturers are alert, plan mass production on a Henry Ford scale, are already talking about "this year's model" of desks, fixtures, files.

Insistence on period design and an excessive number of styles has kept unit costs too high. It is realized the automobile dollar goes much farther than the furniture dollar. If unit cost is reduced, the office manager will find it possible to "re-do" his offices every few years; manufacturers will have a faster turnover at lower prices.

Business, Convalescent, Wants New York Offices

HIGH hopes for better business are reflected in new inquiries for office space in New York by out-of-town corporations. Some of the inquirers are coming back; some moving in for the first time.

The Netley Service Corp., which rents entire floors in New York office buildings and splits them up into furnished office suites, has added 5 floors in a large office building to its rentals and is negotiating for the early lease of additional floors in the Grand Central and Pennsylvania Station zones.

Druggists Report Success With "5-and-10" Methods

DRUG store managers, fighting to regain some of the volume lost to 5 & 10¢ stores, by offering low-price merchandise on well-located, attractively-

arranged open display tables closely resembling those used by their competitors, report that early experiments are proving highly successful.

Manufacturers specializing in 5 & 10¢ store items are offering druggists combination "deals," giving suitably designed display tables free with orders for assortments of 5 & 10¢ merchandise.

Louis K. Liggett Co., operator of America's largest chain of drug stores, has a quantity of such display tables now in construction. Managers of Liggett stores will be given the right to decide whether 10¢ departments are advisable in their branches. Some of them already have improvised such departments in operation and report satisfactory results.

A recent survey in 25 retail drug stores disclosed that, on the average, shoppers bought 2.5 articles from properly-placed open display tables, 53% of the sales being nationally advertised products. Another test showed that open display tables increased the sales of a nationally known tonic 85.7%; a face cream, 50%; combs, 500%; a mouthwash, 250%; an antiseptic, 86.9%.

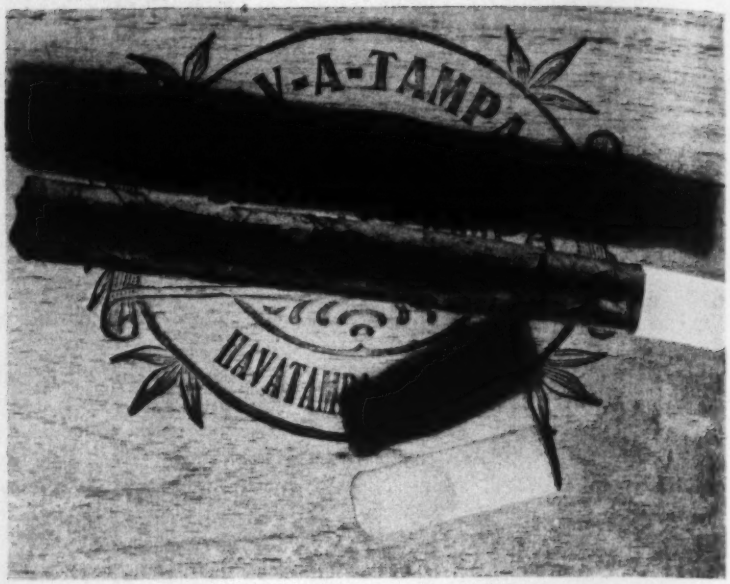
Chain Store Prices Lower on 42 Food Items

INTERESTING comparisons were developed by a study of retail food prices, made in the city of Lexington, Ky., under the direction of the University of Kentucky.

Prices on 58 representative staples, branded and unbranded, were obtained from 44 of 175 independent grocers, stores of 3 national chains and 2 local chains. Those quoted by independents were averaged and compared with chain prices on similar goods. Twenty-two items studied were standard brands, eliminating all question of quality; 12 were staples such as sugar, rice, milk; the remainder involved commodities in which quality, size, gradings might produce justified variations in price.

Of the 44 independents, 22 quoted prices down to 8% below the arbitrarily established average while the other 22 were from 1 to 12.9% above average. Only on 49 of the 58 items studied was comparison with chain store prices possible, showing chain prices lower on 42, equal on 4 and higher on 3.

Soap prices showed the greatest saving at chain stores, 18.9%, while prices on canned fruits and vegetables ranged 11.6% lower than average.



HOLDING ITS OWN

A clever manufacturer takes advantage of the current hullabally-hoo and puts out a cigar so obviously uncontaminated that it rates a higher price. Rolled on a wooden mouthpiece, each cigar thus has its own holder firmly attached

Significant is the fact that on coffee, a high-profit item, chains for the poorest grade asked 23% more than did independents, while on sugar, the notorious no-profit staple, chains quoted 13% less than average price of independents.

Summarized, the study shows that a housewife, willing to shop until she finds the chain store quoting the lowest price on each article included in this study, can save $14 on what would be $100 worth if figured at average prices, while the actual difference between prices at the lowest independent and the highest chain was but 3%.

The Lexington, Ky., study provides a very effective check of a similar effort made by Malcolm D. Taylor of the University of North Carolina at Durham, N. C., where chain prices showed a saving of 13.79%.

Special services, such as delivery and charging privilege rendered by independents, but rarely by chains, do, of course, account for part of the price difference. Degree of penetration of chain competition also has its effect upon price schedules of each group.

Cigar à la Russe Is Safe From "Nasty Word"

SMOKERS who clamp their teeth on the butt of a new type of cigar just placed on the market by the Havatampa Cigar Co. of Tampa, Fla., will never wonder if Mr. Hill could challenge its manufacture with his "nasty word," will never question how it compares with others advertised to be "cool to the last puff." If the style is generally adopted, chewers who hide their habits behind never-lighted stogies will have to come out into the open and buy plug.

Inspired by the Russian cigarette with its attached holder, the new cigar ends in a polished wooden mouthpiece partly covered by the wrapper. With the mouthpiece replacing about a third of the filler tobacco, use of this design appears to make possible the provision of better grades of tobacco in the popular 2-for-a-quarter size. Cellophane wrapping is employed to insure longer-sustained prime condition and shelf life.

Community Chest Short; Dayton May Levy Tax

A RESULT of unemployment during recent months is that city and county officials of Dayton, Ohio, are considering a tax levy to offset a large deficit in Dayton's community chest.

One plan calls for a 1-mill levy to aid hospitals and other worthy projects, ordinarily supported by voluntary contributions to the chest fund; another would impose a ½-mill levy on Dayton City property only, to raise a $200,000 emergency fund for the community chest.

Railroads Raise Freight Speeds To Cut Operating Costs

THE speeding up of freight trains is becoming an important feature in the railroads' campaign to reduce operating costs. Traffic managers say results already attained, chiefly through higher standards of maintenance, will be greatly extended, particularly with electrification of eastern railways (*The Business Week*, Aug. 13).

Freight trains maintained an average speed of 10.3 miles an hour in 1920. This rose to 11.5 in 1924, 12.2 in 1927, 13.2 in 1929, and 14 in June, 1930. Rail executives point out that this means not only prompter delivery of cars to consignees but a cut in operating costs. A slow-moving train creates more of a hazard than one moving rapidly; a slow freight "drag" ties up a division and causes losses through added train- and locomotive-hours for other trains than can not be offset by heavy loading of the freight, which causes the delay.

Hence, lighter loads and faster schedules are to become the order of the day. The result will be freight cars more constantly available to the shipper; a cut in the "per diem" or rental for use of cars belonging to other railroads; elimination of many overtime wage payments to train and engine crews.

Discontinuance of short-haul passenger service has helped to speed up freight service. As local passenger trains are taken off, freight trains find better accommodations in the yards.

There is, of course, a point beyond which speeding up trains would increase, rather than decrease, operating costs. Sacrifice of tonnage by failure to wait for full loads, ordinarily the cheapest way of handling freight, cannot be carried too far, and the factor of fuel consumption requires careful watching.

Electrification Next

Electrification will be the next step in expediting train movements. Making the freight car as nimble and flexible as possible is an ultimate objective in many of the present electrification projects especially in the eastern territory, where freight train speeds average lower than those of the country as a whole. Under electric operation the stops for coal and water will be eliminated, running speeds may be more than doubled.

Several rail executives urge as a speeding-up measure the junking of obsolete freight cars, especially those equipped with the old, wooden underframes. This, they point out, will enable speeds to be increased materially.

International News

THE C. & A. MEETS THE B. & O.

W. G. Bierd, president of the Chicago & Alton, talks over the details with C. W. Galloway, vice-president of the Baltimore & Ohio. The purchase of C. & A., with acquisition of the Reading, gives B. & O. the shortest line between New York and Chicago

San Francisco's Air Ferry Carries 254 Fares Daily

SHORT passenger air services operating at the frequency of interurban trolley cars have proved themselves successful in the first half year of operation across San Francisco Bay. This is now the shortest and busiest airway in the world.

In its first 6 months of operation ending July 21, San Francisco's Air Ferries, Ltd., has carried, at the lowest fares in the history of air transportation, the largest number of passengers ever transported on a scheduled air route—46,000 altogether, averaging 254 a day, 1 for every 2.2 minutes of operating time. On its peak day, the fleet of 4 Keystone-Loening amphibian air yachts which, every 20 minutes, cross San Francisco Bay in 6 minutes (compared with about 40 minutes by other facilities), handled 947 passengers.

The company's gross revenue approximated $91,000 — derived from passenger fares ranging from the $1.50 trans-bay fare to the $6 San Francisco Bay and Golden Gate scenic flight, delivery service maintained in conjunction with Western Union, express, commutation "scrip," charter trips, and the 10¢ taxi services between the terminals and the uptown districts of San Francisco and Oakland.

Traffic in the first 3 weeks of August showed an average increase of 30% over the corresponding weeks of April, May, and June, when the company was still drawing "curiosity traffic."

A census of week-day passengers showed that 81% were using the air ferries instead of other means of transportation to save time; 73% were "repeat" patrons; 30% were women.

Question Mark's Flight Helped by Trade Winds

To the list of "good-will ambassadors" who carry a business sideline as trade emissaries, headed by the Prince of Wales, add the name of Dieudonné Costes, crediting assists to the French government, some canny French, British, and American business men, and the New York *Times*.

When on Tuesday at Curtiss Field, Long Island, Captain Costes completed

his final flourish on the most spectacular advertisement for air travel in French flying history, he brought to earth with him the French government's most ambitious American advertisement of "tourisme," 7 columns of illustrated copy for the New York *Times*.

Other items in the *Question Mark's* business locker were a page plate extolling the tempting "élégance" of Deauville and Cannes; smaller advertisements to remind Wednesday newspaper readers that the Hotel Continental was the "Paris headquarters of Commander Byrd," and that Sir Charles Higham, American-raised British advertising agent, appreciates the value of stunt publicity for his services; a full-page for a new Callot dress model, faced in the *Times* by a Wanamaker announcement that Costes had brought over a sample for display in the New York department store's "silk salon."

Gerard's 64 Ruling Men
Have No Business Panacea

JAMES W. GERARD, noted Democrat, having selected and announced to the world the sixty-four business men who "rule the United States," the New York *Times* last week set out to demonstrate their fitness to rule by subjecting them to a little examination. It consisted of one question: How would you set about overcoming the present business depression?

Most of the sixty-four were apparently unaware of the depression, not worried about it, or convinced that it would take care of itself, for they were either away on vacations or did not reply. Most of the rest were unable to think of any infallible remedy. Some were confident that the situation is not so bad as it is supposed to be and nearly all were sure that it will soon get better.

"More Work; Less Talk"

Most of those who did suggest something shared the view of Sidney Z. Mitchell, chairman of Electric Bond & Share, that "the remedy is more work, less talk."

Adolph Zukor felt the cause of the present situation was over-confidence among business men. "In my opinion," he said, "one of the chief causes of the business depression lay in the attitude of business men toward their tasks. Caught up in the greatest period of prosperity the world has ever experienced, they felt that this country and their business had reacher the ultimate in development, and lulled into a false security they allowed their attention and energy to be dissipated into channels outside their business. The present situation will be cured when business men realize that they must study their problems with an eye to the future as well as the present and then apply themselves will all their energy and thought to the working out of their policies. Hard work—and by hard work I mean men tending strictly to their own business with foresight and energy—will bring us out of our difficulties. If we all buckle down to our jobs prosperity will be back again before we realize it."

William H. Crocker, president of the First National Bank of San Francisco, thinks general business conditions for this year will as a whole compare favorably with those of 1928. "What is most needed is an adjustment of our minds to a steady and more stable advancement in the development of our domestic business without indulging in hysterical demands for abnormal and unnatural expansion as in 1929."

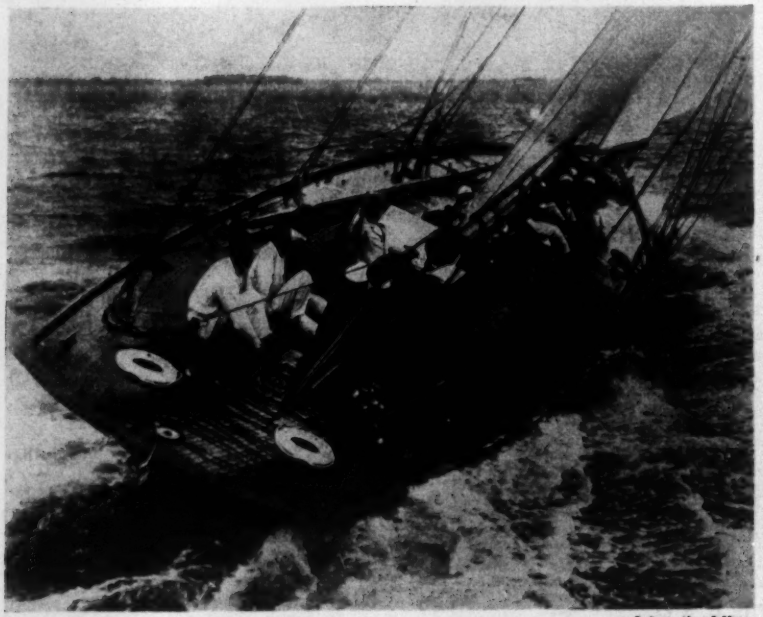
Deplores "Exaggeration"

The newspaper publishers in Mr. Gerard's list, who are more or less in the business, had more specific and lengthy suggestions. Colonel Robert R. McCormick, of the Chicago *Tribune*, thought the activities of the administration in helping people in distress and exaggerating misfortunes had been a handicap to prosperity. "The Mississippi flood, the stock market collapse, the bumper wheat crop, and the small corn crop have been exaggerated into national calamities in order that credit might be accorded in averting them.

International News

HURRIES TO PERU

Americans connected with the overthrown Leguia administration in Peru are being held for questioning. Fred Dearing, American ambassador, was taken off the liner Santa Clara at Havana, rushed to Lima by plane



International News

THE RASKOBS KEEP IT IN THE FAMILY

John J. Raskob put up a $5,000 gold cup for the Chester River Yacht Club races. Here he sails the "Patsy" to win it himself. Just to clinch it, Raskob, Jr., took second place

The government should go out of the calamity howling business and devote itself to necessary public works."

Roy Howard, of the Scripps-Howard newspapers, thinks efforts should be made to prevent recurrence of depression by improvement of relations with Latin America, lowering tariff barriers, instituting general public old age and unemployment insurance, fixing a settled policy of controlling public utilities, fostering more constructive relations with labor unions as a safeguard against Communism on the basis of improving labor efficiency.

William Green, president of the American Federation of Labor, thinks general cooperation on the part of government, business, and finance is necessary to start the wheels of business moving by financing and stimulating buying power. The advancement of the program for the construction of public works and of funds for flood control construction through better team work between national and local governments would help. Private industries should make a survey of their needs for the coming year and begin producing to anticipate such needs.

Drought Damage Still in Doubt; Some Sections Object to Relief

DIFFERENCES of opinion about the general effects of drought on agricultural income and business continue. Farm Board Chairman Legge, returning to Washington, repeated his assertion in the West that reports of general losses of millions to agriculture as a result of drought were "myths." Farm income this year may be lower in proportion to lower farm prices, he said, but there will probably be no appreciable reduction in total farm income due to drought. However, Secretary Hyde took occasion this week to deplore minimizing of drought effects; said the drought is spreading and perhaps a new one starting, that new areas not affected before are now feeling it.

Private reports are similarly conflicting. Some banks and statistical agencies close to the bears' dens of Wall Street have issued estimates or guesses showing a 12% or larger reduction in farm income this year. The American Institute of Food Distribution announces results of a survey concluding that the drought, by raising prices, will yield farmers about $500 millions more for their food and feed crops and livestock than was indicated at the beginning of the summer.

From this the institute guesses that in the end total farm income will be about 10%, or a billion dollars, less than last year.

There is little direct information upon current conditions from drought areas most severely affected. Reports from the Northwest are distinctly bullish. Farm products other than grain will show large yields at better prices. The wheat crop will be good, probably from 5% to 20% above last year. Prices are very poor, the spring wheat territory with its late harvest suffering as usual the brunt of the decline. At the country points, farmers are getting only 55¢ to 65¢ cash as compared with 95¢ to $1.05 a year ago. Those who hold wheat and borrow on it are getting only 70% of this amount. But the harvest has been fast and earlier than last year and the large movement of wheat and other farm products to market has meant more business for railroads and all distributing agencies concerned. The Northwest railroads expect earnings for August to show considerable improvement. The St. Paul office of R. G. Dun Co. reports that wholesale trade in the Twin Cities area shows steady improvement, with volume up to that of other years and retail trade gaining.

Drought relief organization machinery started from Washington is beginning to grind. Some Northwestern states resent it. A survey by questionnaire to banks in all parts in Montana by the First Bank Stock Corp. leads P. J. Leeman, general manager, to say that the state has suffered an uncalled-for injury through the Washington declarations of emergency. "The broadcasting of reports that Montana would be forced to ship out great quantities of livestock to pasturage elsewhere because of drought has only resulted in disrupting the normal course of business. Every year Montana ships thousands of head of sheep and cattle to feeders in other states, wintering only the breeding stock. That is the normal thing. This emergency cry has only succeeded in creating

THE LITTLE RED SCHOOLHOUSE GROWS UP

Owen D. Young gave this schoolhouse, complete with swimming pools and teachers' home, to the town of Van Hornesville, N. Y. It replaces the red wooden one he attended, has facilities for all grades from kindergarten through high school

the impression that feeder stock will have to be sold at starvation prices. The result is another example of the futility of government paternalism."

The Department of Agriculture itself announces that there is no sign that stockmen are throwing livestock on the market for forced sale.

Texas also is unenthusiastic about drought relief machinery; but Oklahoma and other Southwest states are accepting help. A large-scale movement to get farmers to plant late feed crops has been started in the Southeast.

Grinding Out Trouble

In some places the drought relief machinery has started to grind out trouble for the Farm Board. W. A. Moody, president of the St. Louis Livestock Exchange, says the board's announcement that drought relief funds will go only to members of approved cooperatives shows that the board is trying to use the drought as a weapon to force farmers into its cooperative system. Drought relief is being organized around existing cooperatives or credit corporations based on cooperatives approved by the Farm Board or other Washington agencies handling relief. Probably this is stimulating some artificial rush to co-ops just as the Farm Board's policy of offering larger loans at fixed prices to accredited co-ops last year caused some mushroom growth in the cooperative field. In the Northwest, private grain trade interests are attempting to counteract special advantages offered to members by Farm Board cooperatives by making still better offers. Competition between the Farm Board and private agencies for grain and flax is intense. The Farm Board agencies offered loans of 70% on flax and wheat; private interests raised it to 75% on flax and, at some points, private elevators are offering 4 or 5 cents over the price of wheat fixed by terminal market quotations.

Wheat Works Lower

Nevertheless, wheat prices have continued to slide, this week reaching the lowest level so far this season and lowest since July, 1914. This is in spite of accumulating evidence that the world's wheat supply will be no larger —and probably somewhat less—than in recent years, that our carryover will be reduced by considerable feeding to livestock. The low price of wheat can be accounted for only by the external influence of general business depression.

Cotton has tended to weaken but is putting up stronger resistance than wheat to bearish external influences.

CINCINNATI'S SKYLINE CHANGES

The telephone building, newest bump in the skyline, looms white against the grimy bulk of City Hall

Preliminary estimates in advance of the official report due September 8 all indicate a crop lower than last year. As against last year's 14,828,000 bales and the August government estimate of 14,362,000 bales for this year, these advance estimates have run as low as 13,000,000 with the most authoritative at 13,740,000. Such cuts in the crop are not impossible before the season is over and there is a fair chance that the large carryover may be substantially reduced. At the same time, it is clear that demand for cotton, at least from abroad, has picked up.

Because of the policy of Farm Board aid the new crop is not being rushed to market and cotton is not being sold freely in the South. American cotton is now selling about 20 points below Indian against a normal premium of 75 points above. This is stimulating foreign buying. Exports so far this season have run 130,000 above last year.

Governor Moody of Texas evidently recognizes that cotton may be a good bet and has started to organize another "buy a bale" movement, but nobody seems much interested. The last one, in 1914, when the crop went to 16,000,000 bales and the price had fallen to 7 cents, was a fizzle even though some department stores bought a few thousand bales for their customers and the President himself plunged on a bale. At 15 cents it was not a bad buy because, thanks to the war, in a short time it was selling at over 20 cents.

Chamber Seeks Opinions On Commodity Exchanges

AFTER a period of quiet since the stormy session at its last annual meeting, the U. S. Chamber of Commerce has just taken the first definite step to settle its policy toward the Farm Board and the Agricultural Marketing Act. It submitted to its 1600 member organizations this week a referendum on "the place of commodity exchange trading in the economic structure of the country as a facility for the marketnig of agricultural products."

The referendum asks business opinion on 4 questions: Whether commodity exchange trading should be supported; whether futures trading should be supported; whether intelligent and wisely regulated speculative trading should be supported; and whether changes should be made in commodity exchange rules to promote the interest of producers, merchants, and manufacturers of agricultural commodities.

The Farm Board has never said no to any of these questions; but now will know whether it ought to or not if it wants the Chamber to love it.

Drought Relief Machinery May Have a Permanent Job

Business Turned Over to Intermediate Credit Banks Is Likely to Remain in Their Hands

FORMATION of local agricultural credit corporations as the chief factor in drought relief in the stricken areas may have a more widespread effect than the immediate end sought. Most of the credit will come from the federal Intermediate Credit Banks.

Many commercial banks in agricultural regions have long been trying to do an intermediate credit business on a short-term basis. Both they and their customers have found this unsatisfactory. Observers now say that once the business is done through the Intermediate Credit Bank channels, it is likely to remain there. The 12 Intermediate Credit Banks are housed with the 12 Federal Land Banks and obtain the funds they lend by issue of debentures. Since organization they have loaned about $500 millions through some 700 lending agencies, including agricultural credit corporations, livestock loan companies and banks. The new activity they have taken on is, of course, not going to help the country commercial banks, already suffering from a loss of business.

The drought may be a boost for branch banking. New returns further indicate the highly spotty character of the damage. Under such circumstances, a branch banking system could extend the maximum amount of aid. The unit bank in the drought areas shares in the disaster and is not in a position to meet the situation as it might if it were a branch of a bank with many other branches in undamaged regions.

Since the federal departments have no appropriations from which loans can be made to drought-stricken farmers, the situation must be handled by existing agencies. President Hoover's relief committees have noted the weakness of a system of unit banks to cope with such a situation.

Financial assistance for the drought-damaged areas is almost entirely a matter of providing credit. Since the granting of funds for relief is beyond the scope of sound banking and outside the powers of all federal financial agencies except the Farm Loan Board, resort is being taken to local agricultural credit corporations, which guarantee the credit of individuals. Banks frequently take part in their formation.

They can make loans to the extent of their resources. Security is usually a chattel mortgage or financial statement. Through the local group, individual banks are relieved of pressure to carry what may be good but are very slow rates. Most credit comes from the Intermediate Credit Banks, where notes endorsed by the local group are discounted. The local credit corporation charges from 2% to 2½% above the Intermediate Bank's charge, which now is around 4%.

Acme

THE LAST FARM ON MANHATTAN

New York boasts many farms within the city limits, but this one at Broadway and 213th Street is the only one on Manhattan. It'll be a Tom Thumb golf course any day now

Bank Drought Plan Loans Cash for Supplies

BANCOHIO CORPORATION, one of the largest bank holding companies in Ohio, with headquarters at Columbus, moved swiftly but with obvious caution to aid the drought-stricken areas of that state. Through the Ohio Farm Bureau and the Ohio State Grange it has made available financial aid to the extent of $200,000. The plan has the approval of the Grange, and Farm Bureau approval is expected.

Loans will be made on 6-month notes at 6%. Each borrower will be required to obtain the endorsement of two other landowners and the signature of the proper officers of one of the two agricultural organizations.

Loans will be made for the purchase of feeds, fertilizers, coal, hay, and such other commodities, but the farmers obtaining them will not actually receive the cash. This will go to the purchasing agents of the farmers' organizations, who will use it to buy the supplies needed, turning these over to the borrowers.

Pittsburgh Opens School For Vocational Training

PITTSBURGH'S new $2-million trade school began activities Sept. 1. It will be used for training students for the building and industrial trades; will offer vocational instruction for those who plan to continue their education in college as well as for those who expect to enter directly into industry.

The new building is 6 stories high; contains shops completely equipped.

Canadian Wheat Pool Now Fears Mutiny Over Low Crop Payment

But the Banks Won't Risk More Than 60c. a Bushel And the New Administration Has Refused Help

Special Correspondence, Ottawa

THE Canadian Wheat Pool has been forced to fix the initial payment on the 1930-31 wheat crop at 60¢—25¢ lower than any it has ever previously made.

This will increase the already widespread discontent among farmer members and undoubtedly lead to "bootlegging" of wheat to the independent trade. Manitoba members are urging an appeal to the provincial legislature for release from their contracts.

The Pool is paying for its policy of withholding wheat from the market last autumn in an abortive attempt to force up prices in the British and European markets. Its assets, in elevators and other property, are pledged as security for the guarantee of its credit given some months ago by the provincial governments. Its only security to the banks for loans to make initial payment on the present crop is the wheat coming into its elevators.

Unwillingness of the Pool even now to liquidate any substantial part of the carry-over prevented its being able to raise initial payment on the new crop to 70¢. When directors came east this month seeking an advance to that amount, the banks told them it could be considered if they reduced the carry-over and thus released their security now pledged to the provincial governments. R. B. Bennett, new Canadian premier, turned down their plea to release the Pool's fixed assets for use as security in this year's financing by having the Dominion government consent to share any loss sustained by the western provinces from their guarantee of loans on last year's crop.

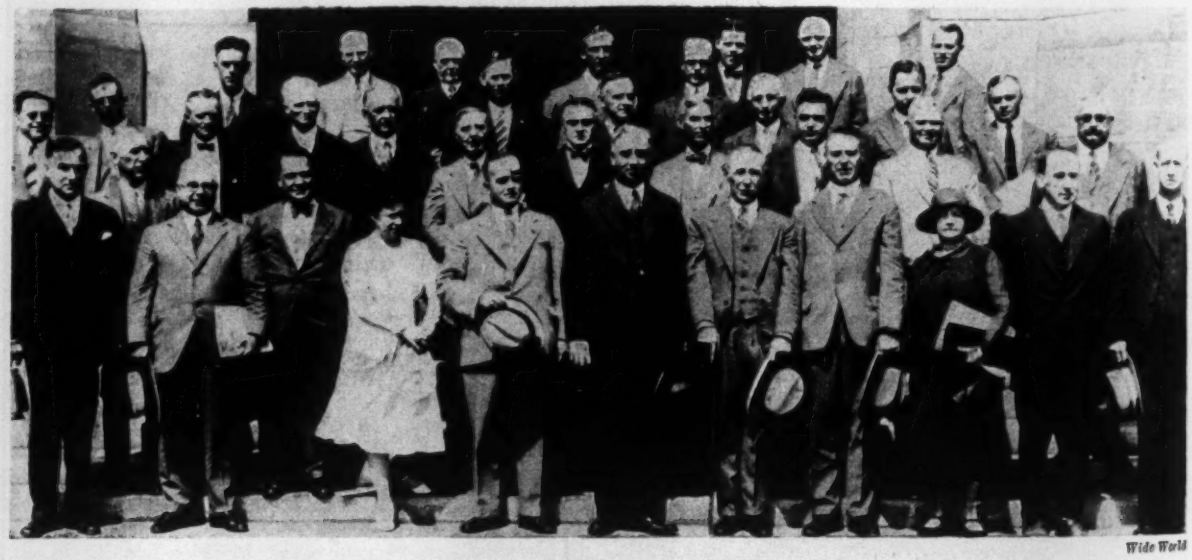
Meantime, the wheat carry-over stands at 112 million bushels, exclusive of 16 million bushels at lower lake and seaboard points or in transit thereto. Prices continue to recede. The 60¢ payment is inadequate to meet the financial obligations of farmers and the Pool and provincial governments are appealing to creditors for leniency toward Pool members.

In this cheerless situation, there is a feverish casting about for some method of relief. Saskatchewan Pool farmers are now voting on the question of asking the provincial legislature to establish a 100% compulsory Pool. It is generally believed the scheme will fail, particularly since adjoining Manitoba and Alberta are cold to it, as they are to Saskatchewan proposals of a wheat board to finance and market the crop. The latest effort of Pool heads is directed toward bringing the Winnipeg Grain Exchange under government control in hopes of eliminating short selling.

"Bootlegging" Easy

Immediate fear of the Pool is violation of contracts. A Pool farmer, moving under cover of a prairie night, can easily transfer a large part of his wheat to a non-pool neighbor for delivery to the grain trade. The difference between 60¢ and the prevailing market price is a considerable inducement.

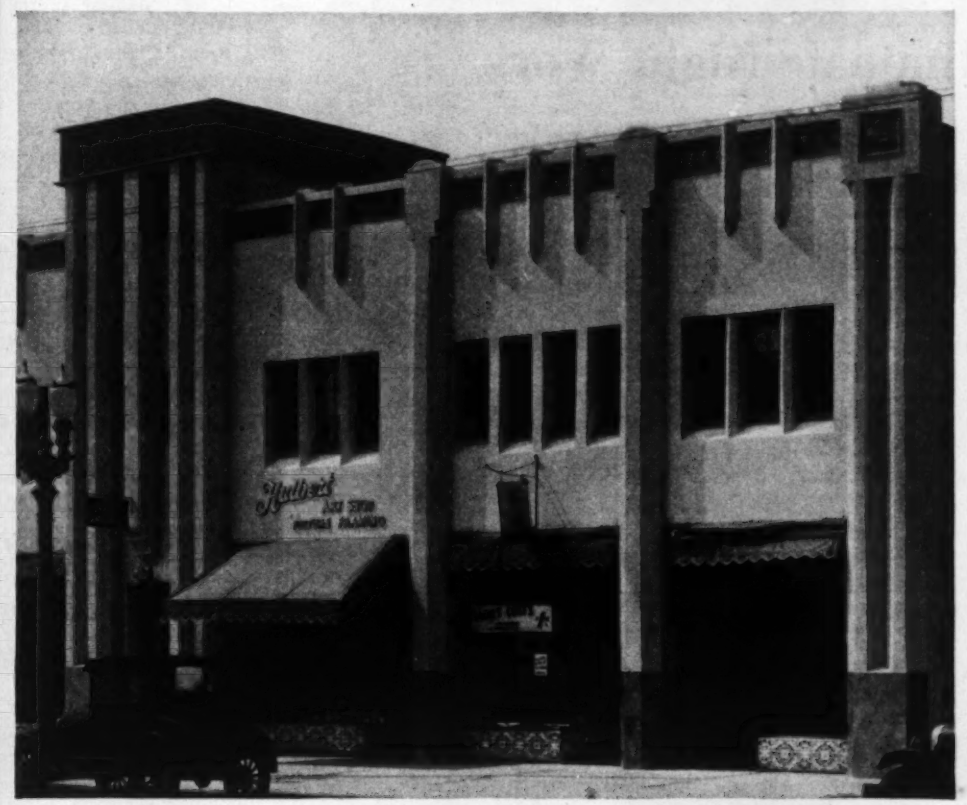
Present hope is that when Premier Bennett is at the Imperial Conference in London next month he may be able to open the way toward some co-operative scheme for facilitating trade between Canada and Great Britain which will enlarge the wheat market.



Wide World

CANADA ATTACKS ITS UNEMPLOYMENT PROBLEM

The Employment Service Council is called to Ottawa by Senator G. D. Robertson, Minister of Labor in the new administration. (Front row, left to right) J. H. Evans, Thomas H. Molloy, James Simpson, J. T. Foster, Miss C. Whitton, Hon. A. C. Stewart, Senator Robertson, Louis Guyon, J. Clark Reilly, Mlle. L. Chamberland, J. H. Ballantyne, R. A. Rigg. (Second row) J. F. Clunk, Walter Smitton, W. Carnill, J. A. Bowman, E. B. Robertson, A. E. Darby, H. H. Ward, C. P. Riddell, C. H. Brown, E. H. Scanmell, George Melvin, V. C. Phelan, George Herwig, R. L. Sargant, Francis Payette. (Back row) Wm. MacIntosh, R. H. Coats, E. M. Quirk, B. McNevin, H. W. McDonnell, H. C. Hudson, J. B. O'Neill, Wm. Dickson, A. J. Odan



An interesting example of modern architectural treatment, in monolithic concrete, is this building of shops and apartments. Mayan Apartment Building, Los Angeles. Designer and Builder, Bert Dale, Los Angeles.

Concrete brings modern design to commercial buildings

BUILDINGS that sell readily, or keep their tenants, are for the most part modernly designed and attractive. Appearance is a magnet that draws trade to shops, and dwellers to up-to-date apartments.

Portland cement concrete is contributing largely to this modern development in architecture. In monolithic or masonry form it can be molded as desired, or quickly set up by the mason.

Structures of concrete are exceedingly durable. They are *firesafe*—another protection to the investment. And, in many instances, they actually cost *less* to build.

Interesting literature available on request.

PORTLAND CEMENT *Association*

Concrete for Permanence and Firesafety

33 WEST GRAND AVENUE
CHICAGO

Southern Textile Mills Move To Eliminate Night Work

Industry Now Talks of Test Period to Improve Market Situation, Show Effect on Production

ELIMINATION of night work in the southern textile mills is making rapid progress. Manufacturers of print cloths and narrow sheetings have decided among themselves to take the step voluntarily and individually as rapidly as proper labor adjustments can be made; many hope to carry it through this fall.

Immediate reasons for this group's action: Need for regulating employment, providing full-time operation on the day shift, and insuring a sounder balance between production and sales.

There is known to be sentiment in the South for abolition of night work by all mills irrespective of nature of product, for a period of months, both to relieve the present situation and to serve as a test. Some manufacturers believe that complete elimination of night work is bound to come and possibly sooner than is generally believed. Others are not convinced that either sociological or economic considerations demand permanent elimination of night work. Still others believe that, while, from a social standpoint, the employment of women on the night run should be discontinued, this action would work hardship on large numbers of employees and on manufacturers themselves. Nor can it be said that all the progressive manufacturers are on one side of the question and all the so-called reactionaries on the other.

However, most of the manufacturers agree that the present statistical position demands elimination of night work for either a definite or an indefinite period. They admit that the potential doubling of production hangs over the market like a threat, and that if buyers were convinced that for 6 months or a year, or 2 years, no mills would operate at night, immediate improvement would set in. They feel that announcement of such voluntary action on the part of the mills would be the most salutary influence which could be injected into the market.

It is pointed out that, where mills are operating 3 days and 3 nights a week (about the average rate in most groups at present) full-time day shift operation could be substituted. At the start, it is held, the day shift and night shift could be used in alternate weeks on the day run; thus wages of individuals would not be affected. Gradually, it is believed, distinction between day operatives and night operatives would be eliminated and employees, whether day or night workers, who cannot find permanent employment in cotton mills, will be absorbed in other fields.

In addition to its effect upon market conditions this action would serve as a test of the economic feasibility of the elimination of night work. After a year, or 2 years, or whatever the period might be, it would be possible to determine the effect on the status of employees, upon competitive balance between production and demand.

Acme

THEY'LL RUN THE NATIONAL AIR TOUR

Capt. Ray Collins (left) will do the managing, Capt. Frank Hawks, transcontinental record-holder, will act as referee. The Waco Aircraft Co. has two legs on the Ford trophy. Victory this year means permanent possession

Commerce Department In New Lineup for Service

INCREASED efficiency as its aim, the U. S. Department of Commerce announces three new divisions to replace the present Domestic Commerce Division.

Merchandising Research Division will direct all studies of distribution, credit research, industrial marketing surveys of specific trades and industries.

Domestic Regional Division henceforth supervises regional commercial surveys, regional distribution, movement of commodities, market data handbook.

Marketing Service Division handles special inquiries, prepares department publications and interpretive studies, compiles recurring statistics on surveys of current business previously handled by the Bureau of Census, now transferred to Bureau of Foreign & Domestic Commerce.

Present fact-gathering agencies of the Domestic Commerce Division are continued, including 60 agents in important world centers, 76 branch and cooperative offices in United States cities, as well as 38 commodity and technical divisions at Washington.

Electrical Industry Adds Farm Customers Faster

MORE than 68,000 farms were equipped for electricity during the first half of the year compared with 48,000 for the same period last year. On June 30, the electrical industry served a total of 627,105 farms; a 12% gain over the Jan. 1 total of 558,573.

The east and west South Central states added more electrified farms than during all of 1929.

ECONOMICAL TRANSPORTATION

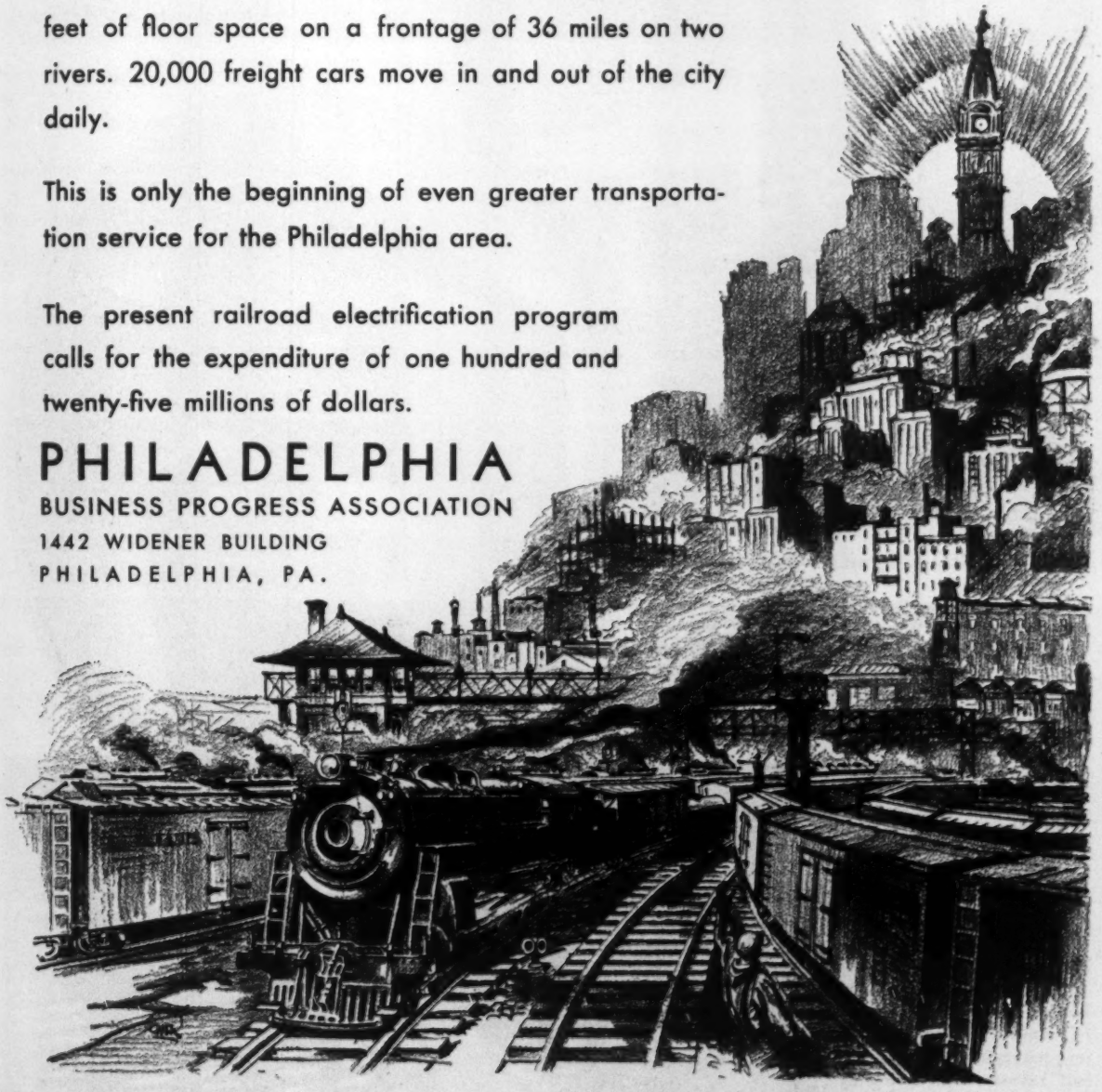
ELISHA LEE, Vice-President of the Pennsylvania Railroad, is the authority for this statement: "No city in the world enjoys better railroad facilities than Philadelphia. None is more adequately and completely served. None possesses greater transportation advantages as a manufacturing and distributing center."

More than 1,000 miles of trackage lies in the city proper. It connects 220 freight stations and 2,000 industrial sidings. It serves tidewater piers with 16,000,000 square feet of floor space on a frontage of 36 miles on two rivers. 20,000 freight cars move in and out of the city daily.

This is only the beginning of even greater transportation service for the Philadelphia area.

The present railroad electrification program calls for the expenditure of one hundred and twenty-five millions of dollars.

"Transportation Facilities in the Philadelphia Area" will show you how lower shipment costs will increase net profits. Free to executives who request it on their business stationery. Address Department S.



PHILADELPHIA
BUSINESS PROGRESS ASSOCIATION
1442 WIDENER BUILDING
PHILADELPHIA, PA.

BALTIMORE & OHIO — READING — PENNSYLVANIA

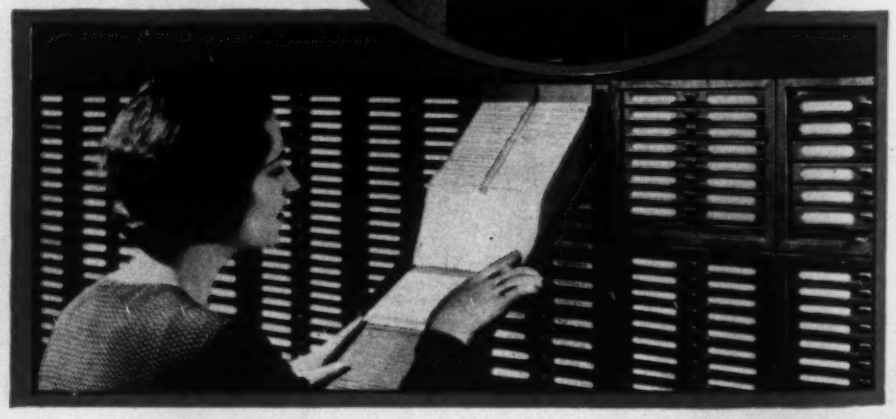
Quick Savings—

Cut 22-½ Salary Hours a Day

A big transport company says "With the Remington Accounting Machine, one clerk in 1½ hours a day does the work formerly done by three people working full time . . . thus paying for itself several times over in its first year of use."

Saves 25% Floorspace — at a Stroke

A large insurance company wanted to cut its home office overhead without any slowing up of work or impairing of efficiency. Remington Rand studied the problem... showed them a better, faster filing system that required much less floor space. As a result, rent was cut 25%. The new method paid for itself in 8 months . . . then paid a monthly profit.



Halves "Frozen Capital" in Half-Year

The toilet goods department of a New England store installed Kardex Merchandise Control. In six months it had decreased invested capital in stock by one-half. Yet more items were being carried. Turnover increased from 5 to 8 times a year.

count Double this Year

How to make Quick Action Economies that will add to *This Year's* Earnings

"SHOW us how to make a quick saving" says the business man. "Show us how to straighten this out in a hurry . . . how to cut our overhead by the first of the year . . . and we'll be interested!"

Quick acting economy...that is the demand of the day. For with sales volume below par, quick savings assume a new and vital relationship with the earnings statement.

Remington Rand accepts such challenges. In most cases it is able to go even further than its clients dare hope. It is very often able to show cold cash economies *in as little as thirty days!* If this surprises you, remember that Remington Rand's function at all times is to lighten labor . . . speed operations . . . eliminate waste with modern equipment, better systems, planned control. No other organization has such a wealth of experience from which to draw. It has made thousands of installations. It *knows* where savings can be made . . . and *knows* how to make them.

1930 isn't over yet. There is still time for fast working economies that will add to your this year's earnings. Call the Remington Rand man and let him explain how money saving methods can be paid for out of current operating expenses and the savings that will follow immediately.

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Canned Gas Finds Eager Market Beyond the Pipe Line's End

IMPORTANT factor in the revolution in industrial and domestic heating now going on in the Pacific Coast states due to the rapid development of natural gas is the "canned" or "bottled" gas supplied to communities beyond the pipe lines. Delivered in tank cars or in small containers ranging down to the 91-lb. size for domestic installations, this gas is giving other fuels keen competition.

The production of gasoline and the compression of natural gas for pipe line transmission results in a group of by-products in which propane and butane occur prominently. The ease with which these by-products can be liquefied and transported at relatively low pressures gives them peculiar commercial significance as "canned" gas. Propane, for example, has a boiling point of –44.0 deg. F., a vapor pressure of only 92.4 lb. per square inch at 60 deg. F., and a heat content of 2,521 B.t.u. per cubic foot.

On delivery from the cylinder, the pressure is reduced to 6 oz. or 10 oz. of water, convenient for connection to the consumer's piping system. The consumer pays the equivalent of $2.70 per 1,000 cu. ft. of 500 B.t.u. gas.

Butane, the other member of the "canned" gas family—heat content, 3,274 B.t.u.—can be maintained in liquid state by a much lower pressure. At 60 deg. F., it has a vapor pressure of only 11.6 lb. per square inch. This makes it possible economically to transport it in tank cars or tank trucks, to store it in large containers for community supply.

Like propane, butane is carburized and delivered with a 550 B.t.u. heat content at low pressures suitable for use in any ordinary gas appliance. Rates thus far established include a service charge of $1 per meter per month plus sliding scale charges for the gas ranging from $1.50 per 1,000 cu. ft. down to $1 per 1,000 cu. ft. for all over 5,000 cu. ft. per month.

Application has been made to the California State Railroad Commission for permission to install butane services in 55 communities in California; installation is now being rushed. Oregon and Washington communities also are to be served. If and when they are reached by gas pipe lines, it will only be necessary to connect to the existing distribution system.

As an index of how this isolated community service is being received, the Natural Gas Corporation, planning to serve the town of Brawley, California, estimated that the total number of consumer should reach 600 by the end of the first year's operation. Three months before the local distribution plant was ready for operation, 1,300 Brawley consumers had signed up for service.

These Potatoes' Eyes See No Fingers

"FROM the hill to French fries without a finger print" might be the slogan of the N. V. Gehl Produce Co. of Milwaukee with its new automatic potato handling plant at Butler. Sorting, washing and sacking of "spuds" are carried on in a continuous operation. Removal of defective tubers from the conveying belt between bin and sorting machine is the only manual operation performed in the plant.

The sorting machine resembles a large sieve with holes 1⅞ in. diameter. No. 1 potatoes are retained on the belt; No. 2 grades drop through. Separate belts carry the 2 grades to a washer where they are sprayed, scrubbed and tumbled. They are dried by fans, deposited in a hopper which drops 10 pounds of potatoes into a paper bag; the bag is sewed automatically and is conveyed to the shipping platform. The temperature throughout the plant is maintained constant between 35 and 40 degrees Fahrenheit.

Cheap Leather Keeps Shoe Industry Busy

Low prices for hides and leathers have kept the shoe industry, employing 250,000 persons, at nearly normal working capacity. Output for the first half of 1930 was 92% of what it was for the first half of 1929—an unusually good year.

The price of Chicago packer hides varied last week between 14½ and 15½ cents per pound as compared with 27 cents a year ago. Passing on this saving in raw material to the shoe-wearer has resulted in a brisk demand. Well established shoe factories are showing favorable earnings.

Part of their activity is due to the foreign demand for American-made shoes. Exports to countries other than Cuba and the Latin American nations, which are suffering from sugar and coffee price difficulties, have increased during the first half of 1930 as compared with the corresponding period in 1929.

Keystone

BRINGING IN AN OIL WELL—UNDER WATER

This well, at Sea Cliff, California, is in 60 feet of water, several hundred feet off shore. It is down 2,543 feet

FIRST U. S. DISTRIBUTION CENSUS

A New Aid to American Industry

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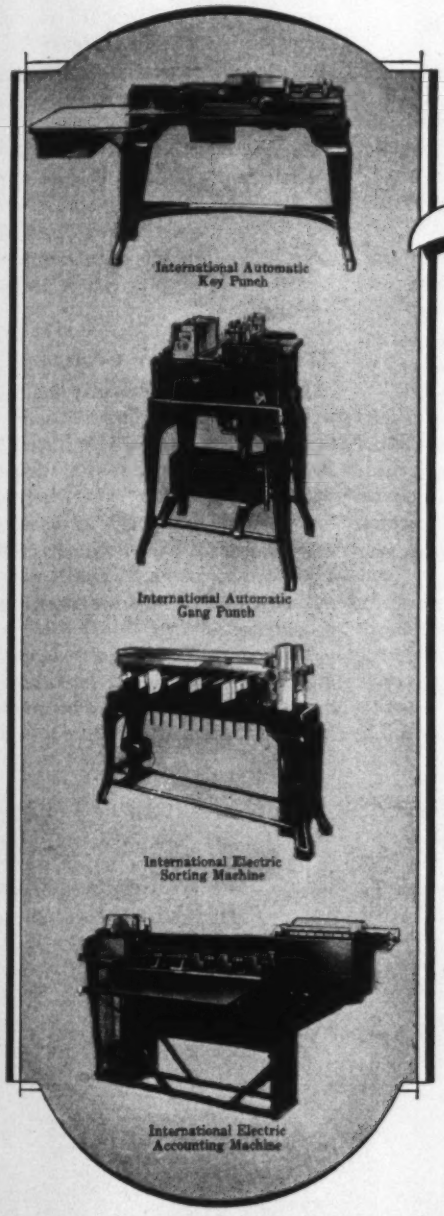
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"We are entering a stage of high competition in distribution, and the industries which will win out will be those which most successfully eliminate waste in distribution."
Gorton James
Chief, Domestic Commerce Div. U. S. Department of Commerce

FOR the first time in all history the United States Government is analyzing the movement of a nation's commodities from producers to dealers and consumers.

The purpose of this statistical inquiry, conducted by the U. S. Census Bureau, is four-fold: To enable manufacturers to chart their potential markets by variously defined trading areas; to make it possible for them to apportion with greater accuracy of judgment their selling and advertising expenses; to reveal the wasteful practices now current in our domestic distribution system; and to lay the foundation for a more efficient handling.

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Region's Peculiar Needs Built Great Northwest Bank Groups

Turbulent Politico-Financial History Brought Grain States to Pass Where Combinations Were Necessary

GROUP banking has reached its highest development in the Northwest, centering on St. Paul and Minneapolis. Two groups with headquarters in the Twin Cities—Northwest Bancorporation and First Bank Stock Corp.—each have more than 100 members and nearly $500 millions of resources. The former covers 9 states, the latter 5. Several small groups complete a picture of a region with greater banking concentration than any other in the country outside of California with its branch systems.

Behind this development is a turbulent history stretching back many years, some knowledge of which is essential to an understanding of the present situation. First, state legislatures, attempting to make banking services available to small prairie communities, allowed state banks to organize with capitalizations below any figure at which they could be expected to operate profitably. Then establishment of the Federal Reserve system removed from both state and national banks earnings from exchange and clearing operations.

A Land Boom Collapses

When the World War came it brought with it a tremendous expansion in food production. Banks extended credit, financed people who never before could have borrowed, over-extending themselves considerably. The well-remembered land boom followed and its crash froze banks and bankrupted farmers by the hundreds. The accompanying heavy deflation of agricultural commodity prices did further damage, bringing further harm.

Then Washington set up Farm Land banks, Intermediate Credit banks, Joint Stock Land banks that took away more banking business, though loans by these institutions enabled creditors to pay and helped the local situation temporarily. Failures sent many deposits scurrying to Postal Savings, removing funds the banks could ill afford to lose. The states gathered in some insurance business and other sidelines that were small but profitable to the banks. Then came the Farm Board with its huge lending power.

The past 10 years saw 1,517 banks close in the Minneapolis Federal Reserve district. Only 226 reopened. The 1,300 remaining closed carried deposits of more than $300 millions. Because the Northwest banks were small conditions were unsettled, deposits and good business turned to Chicago and New York—a trend that was accentuated as enterprises grew bigger or were enlarged by merger.

For years individual investors had operated chains of banks. Otto Bremer and John W. Black had systems with an excellent history in the Northwest and there were others in the picture. But quite naturally their field was limited to the individuals' means.

The instability badly hurt those banks which did not close, continually deadened business and damaged agriculture. Something had to be done and done quickly and the idea of bank partnership for mutual help to bring stability to the region, already in embryo elsewhere, assumed form in the Northwest. It has since been frequently referred to as a "necessitous development" in the Northwest.

The Northwestern National Bank, second largest and one of the oldest banks of the section, formed, in Jan. 1929, the Northwest Bancorporation, a holding company, under the laws of Delaware. Six months later, in June 1929, the First National Bank of Minneapolis and the First National Bank of St. Paul, each largest in its city, jointly organized the First Bank Stock Corp. The rapidity with which these 2 institutions have grown is notable in banking annals.

233 Banks in Two Groups

Latest figures show that the Northwest Bancorporation has 125 units with total resources of $483 millions. First Bank Stock Corp. has 108 units and $464 millions assets. The Black group has 20 units with $9 millions. The Bigelow group, 4 units with $3 millions. The Bremer covers 65 banks with $64 millions, but Bremer has stock control of only 45.

Numerous reports of old money coming out of hiding and hoarding offer the most striking evidence of the stabilizing influences of the groups. Bank

AMERICAN FURS FOR EUROPE

Part of a display sent to the World Fur Exposition in Leipzig, Germany, by a St. Paul company. Some of them will be brought back by Americans who insist on European furs

failures throughout the region so destroyed popular confidence in banks that hiding was not infrequent. All business has, of course, been helped by the return of confidence.

The groups follow the best standards of banking practice and this is raising banking standards throughout the entire region. Group help in emergency already has saved several perilous situations when additional failures appeared inevitable. The groups offer younger men attractions that individual banks could not hold out to them, this portending an even higher grade of management in the future.

Here Are Alert Stockholders

The Northwest Bancorporation receives monthly reports from all member banks; the First Bank Stock Corp. gets daily statements. Both make their own special examinations and analyze and follow up examinations of the regular authorities. Group banking is replacing the uninformed holder of bank stocks by one who is interested and alert.

Regional consciousness and cooperation are growing with the groups. St. Paul and Minneapolis, chronic rivals, are being pulled together for the first time. More than 4,000 employees, officers and directors of each group, throughout several states are working in the same, rather than in opposite, directions.

Local management of banks is being retained. The groups do not generally want to buy banks unless local management remains, for personalities do much to determine the success of a bank and a home-town officer usually is more favored. Nor is money being taken from acquired banks and sent elsewhere as so frequently is charged against the groups. Group prosperity depends on member prosperity and member prosperity depends upon the prosperity of the community in which the member is located.

Building Organizations

The Northwest groups, like others, are now primarily devoting themselves to smoothing out and stepping up the efficiency of their organizations. Their first move was to bring in a sufficient number of institutions in a wide enough area to obtain diversification of resources. Now many banks seek membership but, while the groups see further expansion ahead, they are moving more slowly.

Both Northwest Bancorporation and First Bank Stock Corp. are owned very largely in the Northwest, although nat-

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urally some stock has gone to investors in other sections. Strong Northwest interests make it difficult for outside interests to obtain any power in the groups, officers say. And the group organizations are believed to have forestalled outside acquisition of some individual institutions.

More rounded-out financial services are possible with larger organization. The making of security loans and cattle loans, instalment financing, construction financing and other allied activities are included in affiliates or departments of the institutions. They can do much financing that formerly left the region for accommodations.

Branch banking remains in doubt. It was started in Minneapolis in 1922 but abandoned due to intense opposition. The group form of operation is favored now—at least for larger centers—because of its advantages of local management. But the groups rarely have gone into the smaller communities, which, drying up with economic changes, can not support a bank. For these, branch banking is the only solution that can be seen.

Group banking is meeting opposition in the Northwest as well as elsewhere, and some rough sailing is indicated in the future. An independent bankers association centering in Minnesota is fighting it. Banking concentration has been seized upon as a political issue in a country where anything financial is an object of suspicion. Most states will have legislative sessions next year at which agitation against the groups will probably come to a head.

Young Resigns, Pointing Federal Reserve Weakness

IN resigning his $12,000-a-year job as governor of the Federal Reserve Board at Washington to obtain $30,000 a year as head of the Boston Reserve Bank, Roy A. Young has given dramatic emphasis to a serious weakness in the Reserve system. Thoughtful business men who have hoped that the system could and would attack the two great business problems presented by the unstable purchasing power of money and by fluctuations of the "business cycle" may well wonder what chance Washington salaries give it to attract the brain power needed for this job, or even to perform to full satisfaction the purely monetary and banking functions.

The Reserve Board shares with departments of the government the handicap of woeful underpayment. Its governor receives $12,000 annually, other members $10,000.

It shares another handicap in that brain power is not ordinarily attracted by appointments with political strings to them.

Appointment to the Board is made by the President and requires ratification by the Senate. When the party in power holds its position none too strongly, there is inevitable pressure to use the posts as political plums—and 10 years of $10,000 is a tempting plum to most politicians. Such pressure is being brought to bear on President Hoover now.

Further handicaps are imposed on the system by the fact that the 12 regional banks and the Board are tied up in a system of "checks and balances" second only to that of the federal government itself. Recent years have provided classic examples of stalemates. A business recession gets far along, or price levels decline sharply before the system gets around to action.

The Federal Reserve system of today is a very different mechanism from the organization envisaged by the Federal Reserve Act. Through their location in financial centers, certain regional banks have been elevated far above others in importance. The New York Reserve bank often dominates the entire system. The Chicago, Boston, and San Francisco banks are next in power.

Keystone

STILL A GOVERNOR

Roy A. Young, former Federal Reserve Board head, joins the Federal Reserve Bank of Boston

The Board has often shown its recognition of this strength of the regional banks by ignoring its own powers and position of leadership to give to them opportunity to initiate policies and actions.

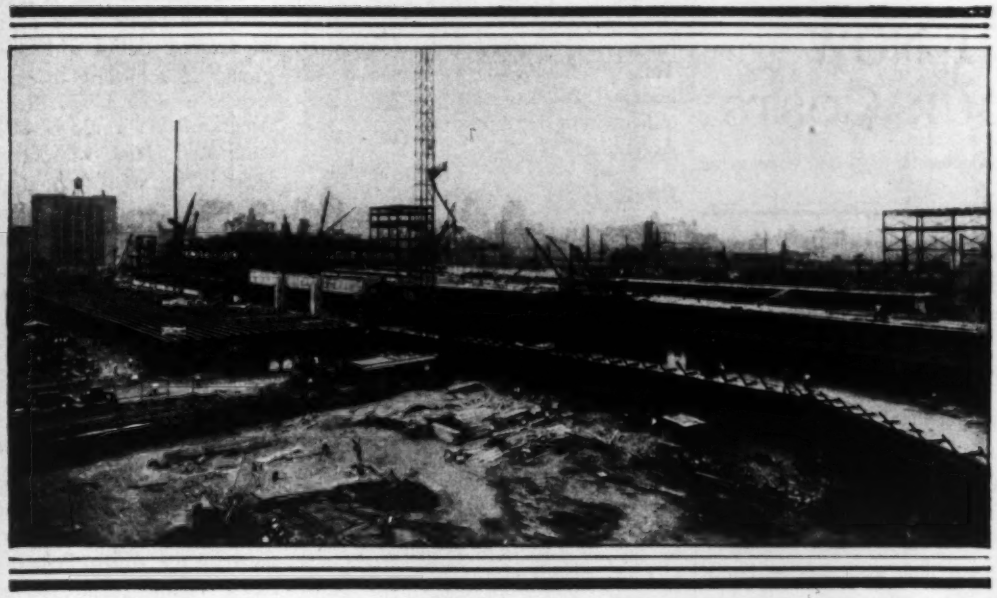
Trucks Hit Least by Drop In Automobile Export Sales

AUTOMOBILE export data, just released, offer little encouragement to automobile manufacturers worried about their sales abroad. Overseas markets seem to have been hit by the world depression harder than home ones. The figures now available cover the first 6 months of 1930 and show a drop of 50% below those for the same period of 1929. American production totals, now covering 7 months, are 34% under those for the first 7 months of 1929. Canadian production for the same period, important factor in the foreign sales, was 41% below its January–July, 1929, total.

The only encouraging feature in the picture is presented by foreign assemblies—cars which are assembled abroad, chiefly by foreign labor and usually with a substantial share of foreign materials. These operations were 2% greater than in the first half of 1929. But even this gain must be discounted. During 1930 Ford's foreign plants have been operating continuously; during the early part of 1929, many of them were just getting under way on the new Model A.

As in the domestic market, trucks are going better than passenger cars. Complete January–July truck exports from the United States declined 46% from the 1929 showing compared with a 51% drop by passenger cars; foreign truck assemblies increased 10% for the period while foreign passenger car assemblies declined 4%. Only in Canadian production did trucks fall by the wayside—down 53%, with passenger cars down only 38%.

South American sales of trucks made in the United States may get a boost from the British Empire Trade movement. Supported by their railroad and



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industrial investments—principally in Argentina—Britons now get a good share of South American truck orders. This is certain to be cut down if, for instance, Britain is led to give Australian meat a tariff preference over Argentine.

Effect of Factory Branches

While the chief reason for these shrinkages is undoubtedly the world business depression, other factors hurt particular manufacturers. Unofficial figures indicate that General Motors' foreign sales for the first half-year took a drop from comparable 1929 totals that was considerably greater than the average for the industry. Observers believe that this was due in no small measure to the policy adopted a few years ago, of superseding local distributors by factory branches. Distributors who had been supplying automobiles for an entire country, in some cases, were reduced to a retail business with a small restricted territory; obviously many did not like it and refused to go along.

The factory branch method of control has been used by Ford for years but he did not have so many high-grade distributors to look out for. Furthermore, the Ford policy has been to make a branch manager a permanent fixture in his locality so that, although he usually is an American, he becomes known locally and makes his enterprise a local institution. Reports of frequent changes among General Motors foreign branch managers in the last year or two, point to a different situation.

Native Entrepreneurs

Another successful method of carrying on foreign operations is being pushed by Chrysler, Willys-Overland and others. Instead of establishing branch plants they set up a foreign distributor with an assembly plant, to operate under his locally well-known name. The American manufacturer may—and frequently does—control the organization but its active management is left to native entrepreneurs. This plan works particularly well in countries with strong nationalistic aspirations.

The export situation is rendered more uncertain by continuing foreign agitation to discover some fool-proof means of barring American automobiles. With the failure of the latest attempt to establish a Pan-European automotive cartel (*The Business Week*, Aug. 20), a new movement is said to be under way in Austria, Germany and, possibly in France, for tariff revisions on automobiles.

The Austrian plan is reported to include the replacement of the present *ad valorem* duties with specific duties graduated according to car-weight categories in such a way that the heavier American cars would be effectively discriminated against without violating the letter of the most-favored-nation treaty between Austria and the United States. In addition, it is hoped to increase duty levels to offset the contemplated abandonment of the present import contingent restrictions, since Austrian opinion is that eventually the Geneva Convention against such trade restrictions will be made effective.

Specific Rates Raise Duties

France presents an obstacle to successful consummation of Austria's program. Austrian *ad valorem* duties are fixed by the Austro-French commercial treaty. While France has no objection to an arrangement whereby heavy American cars would be barred from Austrian markets in favor of her own light cars, the proposed specific rates would considerably increase present duties even on light cars. The French commercial attaché at Vienna has been holding conversations on this point but negotiations are understood to be temporarily halted.

If Austria's plan should finally work out, Germany is likely to follow suit. The German and Austrian automobile associations have always worked closely together and it is understood that they are continuing this close relationship in dealing with duty proposals.

Whether this particular plan is consummated or not, it is generally believed that this fall when a general tariff revision is made, Austria will establish higher and graduated autonomous duties which will be effective only for those countries not having commercial treaties with Austria specifying rates.

Italy's Motor Tariff Hits American Prestige

THE recent increase in Italy's automotive tariff has completely demoralized the Italian market for American cars. Most of the agents for these cars have given up their businesses; others threaten to do so soon. The probability that American companies will not be able to give service in Italy makes their products undesirable at almost any price.

Another bad spot in the situation is indicated by reports that owners of cars, on which manufacturers' guarantees

have not yet expired, are threatening to sue if Italian representation is discontinued, leaving them unable to obtain the service promised upon purchase.

The net result of all this is likely to be that American automotive products will lose virtually all the good-will which they have acquired during the years they have been sold and properly serviced in Italy.

There seems to be little that the manufacturers can do about it. Obviously all cannot follow Ford's example and start Italian manufacturing operations, but it would seem advisable to arrange for service as long as American cars are in operation. Otherwise, when tariff conditions improve—as they probably will sometime—all the work of building a market for American cars will have to be done over.

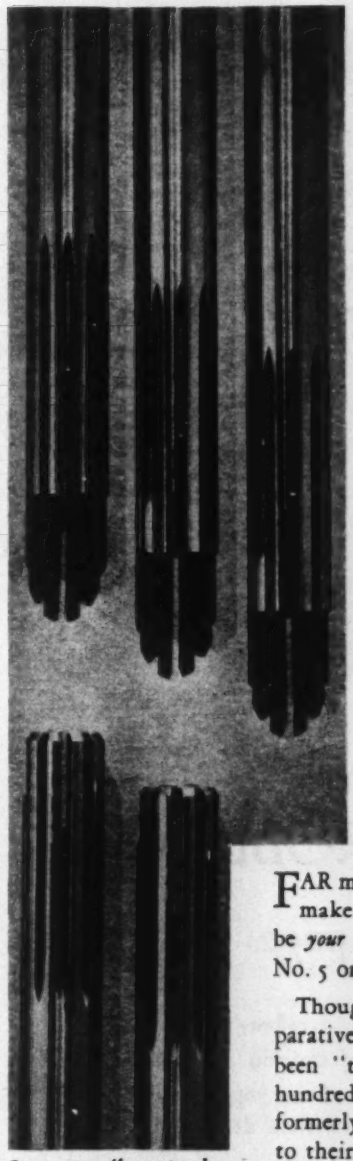
Latest reports are that the new Ford to be made by the Ford-Isotta-Fraschini combination will be sold for the equivalent of about $800. This is higher than American prices of Ford cars but considerably less than the average price of cars sold in Italy. Since Fords sold well at about $1,200 under the old methods of distribution, sales of the new model are expected to be good.

Ford's deal with Isotta-Fraschini means hard-going for Fiat, his only light car competitor in Italy. Reports of a disagreement between Mussolini and the Fiat organization may help to explain the benevolent attitude of the Italian government toward him.

Talkie Exports Held Up By Demand from British

LANGUAGE barriers, patent litigation, and rigid quota laws have had an unfavorable effect on the export of American films to many foreign countries this year, but increased demand from English-speaking countries has more than offset this loss. Difficulties of foreign language talkies are being overcome by producers who are importing foreign actors to act simultaneously in the same sets.

Sales abroad of standard motion picture projectors in the first 6 months of this year totaled 1,218, valued at $313,116. In the same period last year only 702 projectors went to foreign countries and they were valued at less than $179,000. Amateur, or portable, projectors of the 16 millimeter type have become less popular abroad. Only 715 were exported in the first half of the year in comparison with 946 shipped in the first 6 months of 1929.



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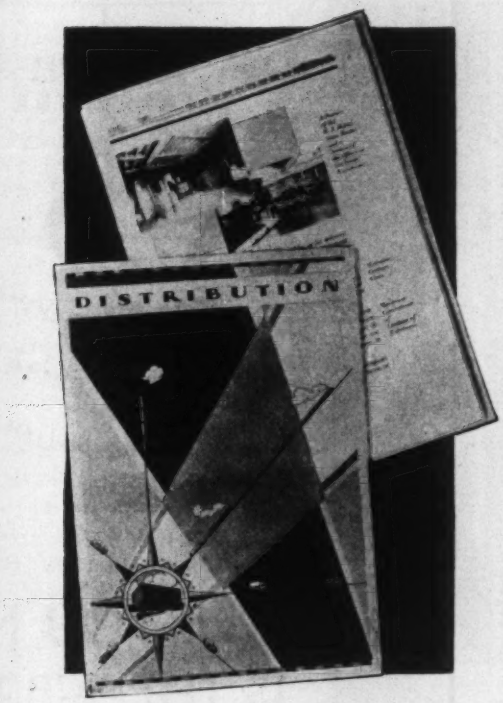

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Thomas A. Moffet, Freight Traffic Manager in America

1 Broadway, New York City

Balkan-Baltic Union Near

By Special Cable to The Business Week

THE first serious attempt at a union of Balkan and Baltic interests is attaining success. When delegates of 9 countries (*The Business Week*, Aug. 27) met at Warsaw, old enmities were cast aside, touchy problems were ruled out until major issues were agreed upon. This cartel of agricultural states may plausibly become the nucleus of the pan-Europe long urged by economists.

Of broadest significance was agreement to 7 projects on the agenda:

1. Formation of uniform coordinated trade policies among all participating countries;
2. Consent to coordinate in the marketing of export surpluses after a plan which will be limited, as far as possible, to the requirements of available markets;
3. Erection of a network of storage silos;
4. Creation of machinery to determine and maintain uniform sales terms;
5. Creation of financial machinery to sponsor loans on warehoused products and discount bills;
6. Creation of export syndicates where they are now lacking with periodic meetings of representatives;
7. Coordination of statistical methods.

Joint action through the League of Nations in international conventions to facilitate and regularize trade was approved. In principle, the meeting endorsed inter-European preferential agricultural tariffs.

The real significance of the conference is the fact that it lays a groundwork organization for the cooperation of the 9 countries—Roumania, Jugoslavia, Poland, Czechoslovakia, Hungary, Bulgaria, Finland, Latvia, and Estonia. Together they include 667,000 square miles (or about one-fifth the area of the United States), and have a population of 95 millions. In 1928, these people produced 488 millions of bushels of wheat, 404 millions of rye, 440 millions of oats, 249 millions of corn, and 284 millions of barley.

Delegates to Warsaw were disinclined to believe that most-favored-nation agreements with overseas countries would interfere with the success of the project. The new cartel cannot possibly meet all the demands of the European grain markets. These deficiency markets will still be supplied by overseas exporters.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS sentiment for the first time in many weeks has turned more cheerful as the fall seasonal demands begin to make their appearance. So far, however, only consumable commodities are affected; the pickup has not yet extended to the heavy industries. There is, fortunately, no inclination to overvalue the prospects. It is fully realized that long-existing slackness can not be relieved in a few weeks, but it is felt that if fall business is fair or average, it will materially diminish the difficulties of the winter and prepare the ground for possible definite improvement in the spring. Money continues plethoric and bill markets are barren, indication enough that the incipient demand which has cheered business has not yet been translated into trade.

The steel cartel, failing to maintain discipline among its members—especially Belgium—has abandoned its last price control schedule on beams and half products. All that remains of the cartel are export agreements protecting domestic markets, but the belief prevails that the cartel can be reconstituted on the sales comptoir system when immediate strains are relaxed. During the first half of this year, cartel production of 15½ million tons compared with 17½ millions in 1929. Under the plan, production in the Saar Basin and in Luxumbourg actually changed but little; in France, it increased; in Germany, there was a bulk loss of 1,700,000 tons. The rail, pipe, and wire cartels are functioning smoothly.

Eastern European agricultural states have concluded their conference at Warsaw. A program has been drawn up which provides for the coordination of export sales policies. Economists anticipate a European farm cartel to develop around this new group.

By Special Cable to The Business Week

Great Britain—Current market reports indicate a continuation of the incipient business improvements first noted last week. Though the volume of business is not actually larger, the volume of inquiries has distinctly expanded. Coal exports have increased and without any decline in price. The recent cut in iron prices is considered to mark the bottom. Pig iron is beginning to move, and the demand for finished steel is improving slowly though spasmodically. British buyers of steel are antagonistic to the continental sales comptoirs which favor home industry. Exports of electrical equipment and machinery have increased. The non-ferrous metals markets are quiet but steady improvement is anticipated. Small price testing orders on cotton textiles were received during the week from India, China, Egypt, and South America. If raw cotton stabilizes, larger commitments are expected from these countries. The Lancashire Cotton Corporation has reopened 5 of its mills, some of which have been idle since 1928. Woolens and leather are quiet.

After the most active week thus far this year featured by a strong weekend closing with institutional, though little public buying, the stock market has again turned irregular. This reflects underlying uncertainty. The technically sharp, but shortlived, rally was attributable to exposed bear position at excessively depreciated levels, coupled with recent relaxation of overstringent bank pressure which has been causing forced liquidations. During the last 4 weeks the Bank of England has steadily improved its position. Notwithstanding sporadic outflow of gold to the continent, it has accumulated in this time a net balance of $12 millions. With the rediscount rate now up to 3%, which is nearly a full per cent above private rates, there is talk of a reduction, but the even balance between the pros and cons, with autumn demands for an uncertain quantity, makes this improbable. There are expectations, on the other hand, of an early conversion of the 4% tax free war loan to 3½% treasury bonds.

England has inaugurated its first American-model fixed trust with the formation of International Investments with deposit certificates based on 30 seasoned companies whose total capital exceeds $5 billions. In its study of the new trust, Moody's calculates the hypothetical yield over the last 5 years to have averaged 13½%. Observers are interested in the response which will come from British conservatism to this locally financial innovation.

The Trade Union Congress now in session at Nottingham, and representing 3,700,000 labor members, opened with a striking presidential address by John Beard in which he scored advocates of national socialism as affording no promise for greater prosperity and asserted that the bulk of British labor seeks, not replacement, but its own place within the capitalistic system. Mr. Beard's

International News

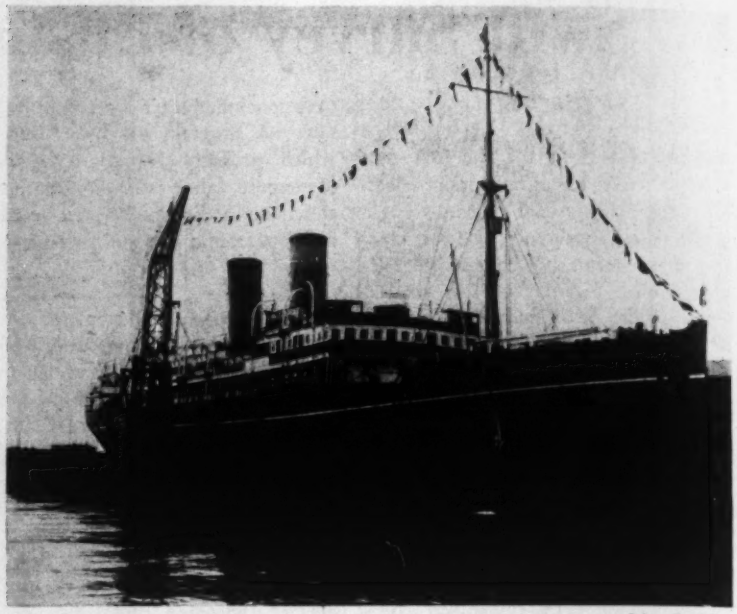
FRANCE FEEDS HER CHILDREN

While their parents are on strike with 100,000 others in the Roubaix-Tourcoing textile districts, the children are cared for by the municipality

words carried great weight for, as representative of the trade unions, he spoke for an organization which largely controls the Labor government. Beard was intolerant both of Snowden's uncompromising free tradism and of complete protectionism as a cure-all. Rather, he advocated that the trade unions remain independent to judge which measures can best be applied to particular cases.

With the passing into receivership of the Lamport & Holt Line, the financial condition of the Royal Mail, holder of two-thirds of its stock, came again into the limelight. Long in financial difficulties because of inflated assets, this condition of Lamport & Holt, and the rumor that Royal Mail is negotiating for the sale of its Australian lines to Lord Inchcape, lends weight to the common belief that Royal Mail will not much longer last as such.

The Liverpool Cotton Exchange has extended closing time to 4 o'clock, which gives British merchants 2 hours of trading simultaneously with New York, instead of one. This is expected to attract considerable continental business.



International News

FIRST TO FLY THE POLISH FLAG

S. S. Polonia docks in New York at the end of her maiden voyage. The 18,000-tonner is the beginning of the Polish merchant marine

By Special Cable to The Business Week

France—Business is quiet and featureless. The usual seasonal pickup is not yet evident. Rather, market reports indicate continued gradual business recession. Gold imports have again assumed considerable volume; the stock market is somewhat stronger after its prolonged lethargic decline. Textile strikes, now localized in the north, are as yet unended, but the solidarity of the owners is beginning to disintegrate and it is expected the issue shortly will be resolved.

A Franco-Roumanian most-favored-nation commercial treaty has been signed under which Roumania accords to France new lower treaty rates on agricultural machinery, shoes, pharmaceutics, soaps, perfumery, and silks. These concessions are automatically extended to the United States as well because of the existing most-favored-nation treaty. Roumania, in the new treaty, is accorded a low duty on corn with a special import contingent for France. The Bucharest press had previously reported that France also obligated herself to import 400,000 tons of petroleum products and erect a refinery in France to handle Roumanian oil. For this concession she was to be entitled to the free import of an additional 400,000 tons of crude oil. While the report is denied and unsubstantiated in the treaty, it is considered significant in view of continued negotiations for a special petroleum-tobacco agreement.

Contracts for the new super *Ile de France* have definitely been placed with the Saint Nazaire ship works. The keel will be laid next spring but completion is deferred one year to 1934, due, it is said, to the necessity of enlarging the Saint Nazaire shipways, the harbor exit, and the New York piers. The new liner will be a coal burner, due to the insecurity of France's oil supply. Its length will be 1,009 feet; displacement 60,000 tons.

By Special Cable to The Business Week

Germany—Basic business depression remains unchanged, though optimists see a bit of hope in cheap money, a slightly stronger trend on the stock market and somewhat better business sentiment despite the disturbing influence of the pending elections. The Federal Institute of Business Research reports no improvement in coal, steel, and machine building, but production of consumables has revived slightly. The opinion prevails that potential buying is reserved pending the conclusion of the government's efforts to bring about the price reductions discussed last week. The steel cartel's complete relinquishment of price control is expected now to facilitate reductions on the domestic market.

The week's business sensation was the announcement that the world-famed Czechoslovak shoe manufacturer, Bata, is to construct a plant in German Silesia which will employ at first 3,000, later 10,000, laborers. The German shoe industry is momentarily severely depressed with 20% of its workers unemployed. Naturally, the reaction to the move by Bata is unfavorable. The Prussian state, however, supports the development. Employment in a poverty stricken area will be increased, there will be greater consumption of German materials, and increased shoe exports.

Recent German trade practices are occasioning growing resentment abroad and sharp condemnation at home. The commercial treaty with Finland, discussed last week, was finally abrogated and replaced by a new agreement effective November 29 if mutually ratified. This new agreement will allow Germany to increase duties on dairy products, long demanded by farmers. Particularly will it be a protection to local butter producers for it raises the duty from 3 cents to 5.5 cents a pound. Finland, however, is accorded a special low duty import contingent which automatically vitiates most-favored-nation privileges, notably with Denmark, Holland, Switerland, and Italy. While in itself of minor importance, it is one of a series of questionable trade practices to which Germany lately is resorting and which are fuelling boycott sentiment in neighboring countries. Shrewd economists realize that friendly business relations with neighbors in recent months

primarily enabled the current lifesaving increase in German trade.

Observers in Berlin and Angora report simultaneously that negotiations are reported virtually to have been completed between German industrialists and the Turkish government for deliveries in the next 4 years of goods valued at $10 millions. This will include early delivery of 70,000 tons of rails, and the progressive delivery of 30 locomotives, 1,500 freight cars, Knorr brakes, and bridge materials. Terms are reported to be 10% with order and the balance against documents up to $3 millions by 1932. After that time, government 6% notes on the Agricultural Bank will be accepted. These will be renewable to 1939, and discountable on German banks, inasmuch as the Reich guarantees 60% of this export order.

By Special Cable to The Business Week

Poland—The military engineering works, which recently purchased the solitary Polish motor truck factory—Ursus—has concluded a manufacturing license agreement with the Swiss Saurer, which is among the leading European makers of heavy trucks. Further, a 2-year loan of $1 million was granted to the Polish concern by a consortium of Swiss banks. It is expected as a result of these moves that Polish truck duties will be doubled in the near future, practically prohibiting imports.

By Special Cable to The Business Week

Spain—Continued instability of the peseta this week led to the resignation of the Minister of Finance and his replacement by the governor of the Bank of Spain. Exchange control is being tightened. After progressively restricting the latitude of exchange operations permitted to banks, the government, on September 2, established a central exchange clearing house, incorporating private banks but alone in its power to authorize and effect exchange transactions. Foreign financial opinion is inclined to feel that arbitrary mechanical restrictions will aggravate rather than benefit the situation, and will unnecessarily undermine both domestic and foreign confidence. Moreover, due to large foreign peseta holdings, speculation continues unaffected. Weighty opinion advocates natural stabilization of the peseta at about 14 cents (approximately its present exchange value which is consistent with internal purchasing power); utilization of the large Spanish gold reserve now exceeding 50% of circulation but hitherto inert, to support this rate.

Internal observers state that foreign reports regarding the possibility of a revolution are exaggerated. While Spain is manifestly uneasy during this period of political transition, at least no early crisis is anticipated. Economic conditions are not unfavorable. The year's crops are ample to reduce foreign foodstuffs requirements. Government finances for the first 7 months show 123 million pesetas reduction in expenditures over 1929. The adverse trade balance has been reduced from 440 millions pesetas in 1928 and in 1929, to 166 millions.

LATIN AMERICA

STORMY conditions prevail. In Peru, storm clouds hang over the old Leguia régime. Business, upset for several days, is coming back to normal. Peruvian bonds have regained the position of a few weeks ago, indicating confidence in the new government junta.

In Argentina, the possibility of revolution is still brewing. Probably the determination of the business community to see Irigoyen replaced by a younger man capable of handling the mass of delayed legislation will no longer be put off. A change in government, at a time when the drought in the United States has raised grain prices and created optimism in Buenos Aires business circles, would stimulate business if it was not brought about in a prolonged revolution. Brazil's rumors of revolution are sympathetic and not serious.

In the Caribbean area business is being seriously disrupted by the annual hurricane scare. This year Porto Rico has been spared but Santo Domingo and Haiti, and probably Cuba and the Bahamas, are feeling the fury of the storm. Damage in Santo Domingo, in particular, is large.

Costa Rica has lowered the export tax on bananas from 3 cents to 2 cents, the new rate to be effective for the next 20 years. With the return to the lower rate, the United Fruit Company is expected to go forward with its plans to plant a fresh 3,700 acres in bananas. More than 3,000 laborers will be employed.

The Cuban government has sent out 40,000 questionnaires to licensed business houses in taking its first commercial census since 1919. Data will include information regarding invested capital, gross and net sales, amount of taxes paid, number of employees and their nationality, and the type of business in which each firm is engaged.

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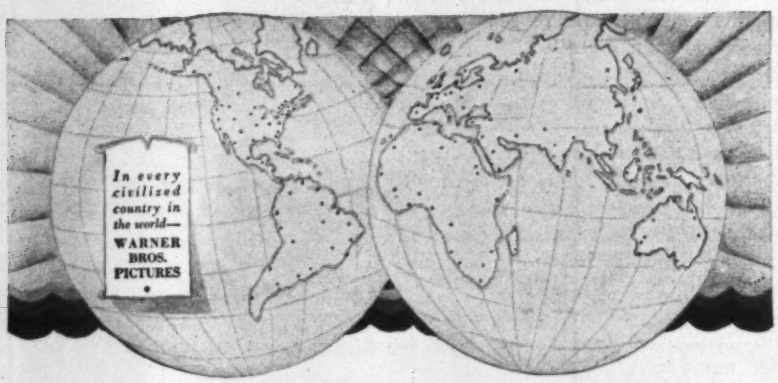

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Wide Reading

RACKETEERS AND ORGANIZED LABOR. Louis Adamic. *Harpers*, September. Labor racketeering from the point of view of extreme violence is now at its height, not in Chicago, but in New York. Close contact between labor unions and gangs.

LAW-FIXED PRICES WON'T STAY FIXED. Herbert Corey. *Nation's Business*, September. Coffee, rubber, sugar—all have failed. Research and invention prevent success.

WORLD DEPRESSION AND HOME POLITICS. Frank H. Simonds. *Review of Reviews*, September. Bad times in Canada, Germany, and Great Britain are having their effect.

LET'S FORGET STATE LINES. L. J. Kerlin. *Printers' Ink Monthly*, August. Practicality of basing salesmen's territories on wholesale trading areas.

EXPORT LEADERS MAP WORLD TRADE EFFORT. Leslie Peat. *Automotive Industries*, August 30. Comprehensive study to be made of foreign business conditions by committee of the N.A.C.C.

SOME YARDSTICKS FOR 1931 SPACE-BUYING IN EUROPE. T. M. Quinn. *Export Advertiser*, August. A country-by-country study of media as related to the advertiser's plan for the coming year.

AN INDUSTRIAL ADVERTISER MOLDS THE THOUGHT OF AN INDUSTRY. Arthur H. LITTLE. *Printers' Ink*, August 28. How the International Nickel Company, advertising monel metal, is influencing thinking in the power field.

FLYING HIGH IN AIR FINANCE. Earl Reeves. *World's Work*, September. Who the empire-builders of the air are, and the systems they are developing.

PACKING JOINS THE ASSEMBLY LINE. W. A. Smith. *Factory and Industrial Management*, August. Experiments and savings at Maytag. One article in an issue devoted to special-handling methods.

THE POWER TRUST GOES INTERNATIONAL. M. L. Ramsay. *New Republic*, September 3. Will this cause the public to lose faith in publicly owned utilities?

NEW ECONOMIC BLOCS IN EUROPE. Friedrich Scheu. *Nation*, September 3. Trends, sources, effects. Lucid review of fast-moving events.

BOOKS

1930 IBERO-AMERICAN RED BOOK. Pan American News Service, 167 pp., $5. Handbook of the Latin American press. Lists advertising rates, mechanical requirements, and helpful advertising data for the leading newspapers, general magazines, and technical publications in all Latin American countries and in Spain.

OVERHEAD EXPENSE. A. Hamilton Church. McGraw-Hill, 418 pp., $5. Defines overhead as the definite cost of a definite amount of process capacity. Shows how overhead can be precisely costed, and determination of overhead expense maintained easily. Growing importance of overhead in operating costs makes book particularly timely.

What the Figures Show

THE gradual rise of business activity from the low point reached at the end of July did not continue during the last two weeks of August and the past week has seen a marked relapse. It is clear that there has been some response to seasonal influences during August but it now seems more doubtful that the full degree of seasonal expansion during September will take place. So far the upturn has been most marked in basic industrial activity rather than in secondary manufacturing activity. Primary distribution and retail trade have begun to show some definite expansion, but general trade remains somewhat slack for the season. Commodity prices were definitely stronger during August and the rapid slump of recent months appears to have been checked; but in the past week a fairly general weakening has again set in. The rate of bank credit expansion also has tended to decline during recent weeks although the outstanding volume remains at a high level.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	86.5	89.0	108.6
Production			
Steel Mill Operation (% capacity)	58	58	88
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$13,481	†$14,427	$18,153
Bituminous Coal (daily average, 1,000 tons)	*1,415	1,362	1,684
Petroleum (daily average, 1,000 bbls.)	2,461	2,471	2,973
Total Electric Power (millions K. W. H.)	*1,820	*1,835	1,900
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	157	154	189
Check Payments (outside N. Y. City, millions)	$4,275	$5,010	$6,037
Money in Circulation (daily average, millions)	$4,486	$4,475	$4,790
Wheat Receipts (1,000 bushels)	17,665	20,286	18,533
Cotton Receipts (1,000 bales)	311	244	138
Cattle Receipts (1,000 head)	*191	151	203
Hog Receipts (1,000 head)	*331	†349	452
Wool Receipts (1,000 lbs.)	14,394	4,538	11,130
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.83	$0.80	$1.20
Cotton (middling, New York, lb.)	$0.116	$0.112	$0.189
Iron and Steel (composite, ton)	$32.78	$32.88	$36.52
Copper (electrolytic, lb.)	$0.107	$0.107	$0.178
All Commodities (Fisher's Index, 1926-100)	83.3	82.8	96.9
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$16,793	$16,795	$16,950
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,416	$8,480	$9,434
Brokers' Loans, New York Federal Reserve member banks (millions)	$3,110	$3,102	$6,354
Federal Reserve System Ratio	80.8	81.9	73.2
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	8,843	8,832	20,325
Stock Prices (N. Y. Times, average 50 stocks)	$200.24	$196.67	$299.19
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$42,520	$37,878	$48,052
Bond Prices (Dow, Jones, average 40 bonds)	$97.02	$96.68	$92.26
Interest Rates—Call Loans (daily average)	2.0%	2.3%	8.2%
Interest Rates—Time Loans (daily average)	2½–2¾%	2½–2¾%	8½–9%
Business Failures (Dun, number)	471	436	365

*Preliminary †Revised

Business Activity Index

The Business Week's preliminary index of the volume of general business activity for the week ended Aug. 30 fell sharply to 86.5% of normal as compared with the revised figure of 89% for the preceding week and 108.6% for the corresponding week last year.

The steady upward trend since the end of July is clearly evident in the revised figures, which run as follows: For the week ending Aug. 2, 87.0%; Aug. 9, 87.4%; Aug. 16, 87.8%; Aug. 23, 89%. Last week's reversal of the trend brings the index to a new low level.

The change this week is the result of somewhat more irregular movements in the components of the index, the production group declining to 81.2% of normal and the trade indicators falling to 90.8% despite increases in steel and coal production, carloadings, and currency in circulation.

Estimates of steel activity, somewhat confused by the long Labor Day holiday, are agreed only that no further decline has taken place. *Iron Age* indicates a slight increase for the third consecutive week, while the Dow, Jones figures, having shown a larger increase in the preceding week, remain practically unchanged for the industry as a whole. The latter reports a falling off of the Steel Corporation's activity from 66% to slightly below 65%, with a slight increase among independents to a little more than 51%. Our index, adjusted for seasonal fluctuations and year-to-year growth, and based on the Dow, Jones estimates, rose slightly from 84% of normal to 84.2%.

Trade opinion reflects improved sentiment and expects further expansion of activity during September. Structural steel inquiries and contract awards continue at a fairly good level and there has been some improvement in automotive steel demand. Although the scrap market is somewhat dull, prices continue strong and there are signs of increased resistance to further price concessions in finished steel lines.

Building Contracts

Building contracting appears again to be giving way to the seasonal decline. The daily average of general building contract awards for the latest week, based on the four weeks' average, declined to the level of the first part of August. Our index, based on these figures and adjusted for seasonal fluctuations and year-to-year growth, fell from 76.7% of normal to 72.2%. Dodge reports that new construction undertaken in August in metropolitan

New York showed a gain of 11% over July and 1% over August 1929. Heavy engineering construction awards, according to *Engineering News-Record* figures, rose for the week ended Sept. 4 but were still below the corresponding week last year.

Bituminous coal production continues to increase fairly rapidly at somewhat more than seasonal rate. This is doubtless a reflection partly of low stocks in the hands of consumers and partly of some increase in industrial activity. Our index, adjusted for seasonal fluctuations and year-to-year growth, rose from 67.6% of normal to 69%, the highest since the end of June. Crude oil production showed a decline for the week following the preceding week's rise and is now below the 1928 level.

Electric Power Production

Electric power production continues to show marked irregularity. Output for the latest week declined again in contrast to the usual seasonal movement and shows the largest deficit (4.3%) below last year so far. Our index, adjusted for seasonal fluctuations and year-to-year growth, declined from 98.3% of normal to 96.5%, the lowest this year.

Commodity prices exhibited marked strength during the last week of August but have tended to weaken since. The wheat and cotton averages for the week ended Aug. 30 were higher but wheat declined fairly steadily thereafter, reaching 81¼ cents for September deliveries at Chicago on September 4, the lowest so far this season. Cotton prices also have reacted from the higher levels during the last week of August. The first two days of September brought marked weakness in rubber and sugar, but the non-ferrous metals remained fairly steady. Copper is nominally at 11 cents with the domestic market inactive but export buying slightly improved. The iron and steel composite declined somewhat but finished steel prices showed no marked change.

The Fisher All Commodity Index rose again for the latest week but the National Fertilizer Association Index showed a slight decline.

It is clear that August brought a definite check to the commodity price decline. Dun's index showed an advance of nearly 1% on the average during August, the first since last September. This was due principally to increases in breadstuffs, also small increases in metals, meat, dairy, and garden products.

The general trade indicators show considerable irregularity for the latest week. Total carloadings increased for the second consecutive week and were highest so far this year. The deficit below last year, however, is still large, 17.4%. The increases for the week were principally in coal loadings with small increases in miscellaneous and merchandise freight. Although non-bulk carloadings increased for the second consecutive week the deficit below last year is largest so far, 16%. Our index, based on this group and adjusted for seasonal fluctuations and year-to-year growth, rose from 83.1% of normal to 83.6%. The reversal of the downward trend of merchandise carloadings since the beginning of April is encouraging.

The record of money turnover as measured by check payments this week is distinctly disappointing. Bank debits outside New York dropped below the level of the second preceding week and are lowest so far this year. Our index of this group, adjusted for seasonal fluctuations, year-to-year growth and changes in the general price level, and based on the average of the past two weeks, declined from 96.6% of normal to 92.1%. In the 131 cities outside stock trading centers the latest week's bank debits were 18.8% below last year, a somewhat smaller deficit than has been shown in the past four weeks.

Commercial loans of reporting member banks continue to move contrary to the usual seasonal trend and declined sharply for the latest week. Our index, adjusted for seasonal fluctuations, year-to-year growth and changes in wholesale price levels, fell from 104.1% of normal to 102.5%.

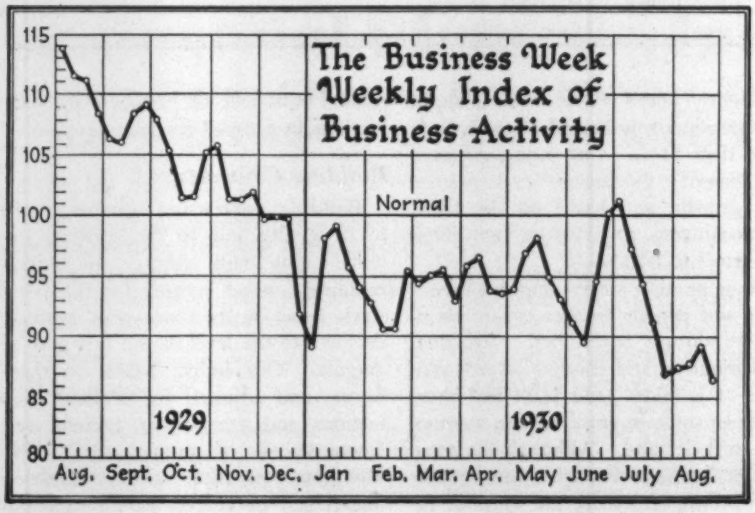
Currency in Circulation

The average amount of currency in circulation continued to increase in accordance with the usual seasonal movement. Our index, adjusted for price changes, seasonal fluctuations and year-to-year growth, rose further from 100.5% of normal to 100.8%. The increase in money in circulation during the past four weeks indicates some expansion in retail trade.

The number of commercial failures rose for the latest week, contrary to the usual seasonal movement.

Total loans and investments of weekly reporting member banks declined again for the latest week. Our index of bank credit, based on these figures, adjusted for seasonal fluctuations, normal growth and changes in the general price level, has tended to decline during the past month but is still about 6% above normal.

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.



Money and the Market

THE late summer rally in stock prices came to a stop this week just at the upper limits of the trading zone beyond which quotations have been unable to penetrate since June. Whether the halt is temporary or permanent cannot yet be seen. The host of uncertainties surrounding the market and clouding future developments make it a precarious place for those seeking quick profits.

The ending of an advance at about current levels is becoming an old story in the Street. So many times have promising upward movements culminated at just that point that it begins to look as if a wall had been put up there. Actually, there are two walls, one raised by the liquidation for profits as individuals and concerns get out of the market and the other by investors' unwillingness to buy beyond that level until business prospects look decidedly better.

Market Still Professional

The market still is largely professional, but, of course, professionals are out to win and know that stocks can't long go in the face of business. Talk of a forthcoming "decisive" upward movement in which all the "big boys" will join has much more hope than fact as its basis.

Most stocks are not unusually cheap on a yield basis or measured by the old rule-of-thumb "times earnings" basis. Utilities, for example, are selling 30 times earnings (10 to 15 was the rule a few years ago) to yield about 3%. Industrials yield about 4½% and rails 5 to 5½%. These are not "bargain counter" items. A more promising outlook for the future is needed before they will greatly tempt investors.

The bond market also came to a halt this week after 2 months of rising prices. Again no one can say whether the check is temporary or may be permanent. Investors are interested to note, though, that the yield on industrial bonds still is fractionally higher than on industrial stocks, while utility bonds give nearly 1% better yield than utility stocks.

The Stock Exchange issued its report on brokers' loans for August, showing a decline of $90 millions to the lowest total since May, 1926. The weekly Federal Reserve report reveals an increase of $8 millions. Security loans by member banks increased by $62 millions, indicating that the bank is still a more popular place for security loans than the brokerage house. The low level at which loans continue indicates that stocks are not in a weak marginal position.

Failure of the Federal Reserve authorities to take action to expand the volume of credit holds down bonds and business and therefore prevents a moderate rise in stocks which would be most healthful, both to business and individuals, permitting liquidation and freeing of funds.

The Reserve system—or rather the New York Federal Reserve Bank, which, these days, is the system—showed a slight increase in credit this week. It came almost entirely in discounts by member banks, healthy in itself, but not as much as is needed. The rise in discounts for 12 banks was $37 millions, $32 millions at the New York Bank, doubling its total. Much of the growth was for increased currency circulation.

However, open market operations were slight. The New York Bank increased its bill holdings by $5 millions which largely accounted for the $7-million increase for the system. No government securities were purchased.

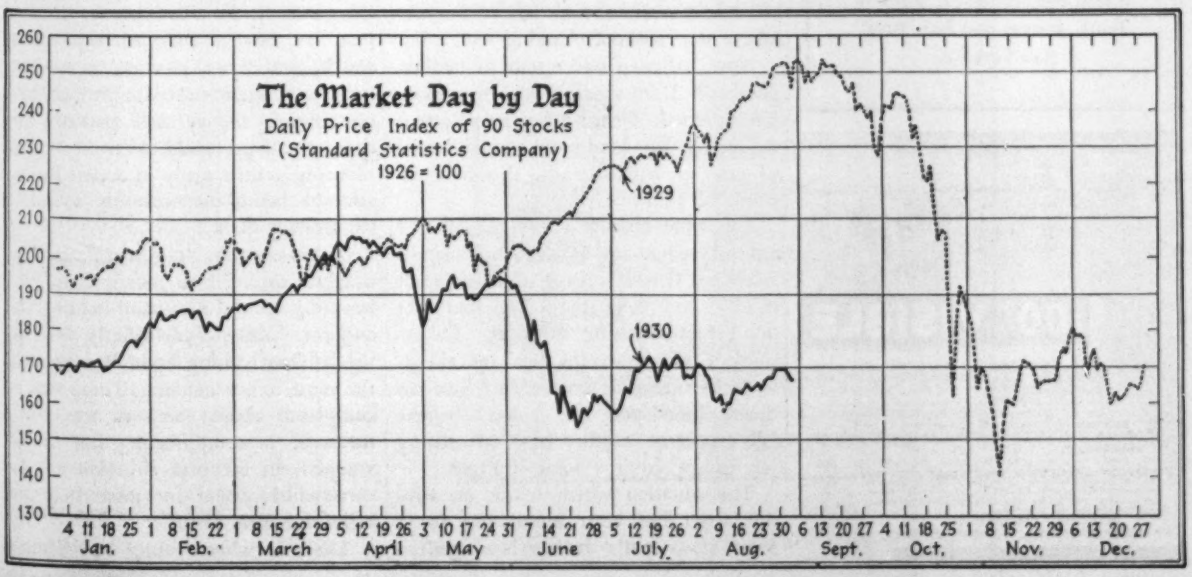
Member bank credit by the reporting institutions was down $14 millions. A drop of $11 millions in investments and $64 millions in commercial loans offset the $62-million increase in collateral loans.

Foreign Exchanges Weaken

Leading foreign exchanges all were appreciably weaker this week. The ending of the tourist season decreases the demand for foreign currencies in September. Then, too, fall importations of American agricultural products by European nations sets up a demand for dollars. This seasonal pressure probably will be smaller than usual this year due to lower prices and lower trade generally, but it still acts as a depressant.

About $1 million in gold came to the United States from Latin America, while $2 millions went out to Canada the first of the week. The seasonal pressure on European and other exchanges naturally will curb further gold exports, and may halt them entirely.

Better prices prevailing on the London Stock Exchange continue to attract attention here. Better sentiment on the part of British investors in the face of even bleaker conditions than exist here is interesting. Important movements of stock prices in New York frequently have been preceded by foreign moves.



Manufacturing Plant
FOR SALE OR LEASE

Here is a modern manufacturing plant in the heart of Chicago's industrial section, for sale or lease and ready for occupancy Jan. 1st.

It has the following specifications:

Floor space—291,000 square feet
Five floors and basement
Brick mill construction
Floor load—175 pounds per sq. ft.
4 two ton freight elevators
Ceiling heights—11 to 14 feet
Building is sprinklered throughout
Building is partly air conditioned.

This plant actually comprises two buildings with separate power generating and heating plants. The two units are of practically the same size and can be purchased or leased separately. It faces on Harrison, Peoria, Sangamon and Congress streets.

Anyone interested can obtain further details by writing to The Cracker Jack Co. or by taking it up with their own broker.

Mental Radius

To the business leader there is nothing so important—or so interesting—as the news of business.

His mental radius is so great as to make the news of all business the news of *his* business.

The General Manager of a large public utility writes of *The Business Week:*

"I get more assistance and pertinent information from this magazine than any business summary I have ever received. It is practical and timely. Your forecasts and conclusions give evidence of very thoughtful minds being back of them."

THE BUSINESS WEEK
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The Dublin Letters

To Mr. William W. Farren, President Perkins-Thurlow Textiles, Terminating a Business Relationship

Office of James W. Dublin
New York
March, 1928

Dear Bill:

There is a special hook in my office closet which I keep exclusively for my high hat. It hangs untouched sometimes for months—but I like to know exactly where the war bonnet is in case I need it on short notice. This is not the same hat I wear at weddings and funerals. It is distinctly my *office hat.*

When I have a letter to write that calls for snoot in it—an *opus* to be articulated in the stuffiest manner—I take down the tall thing, shine it on my sleeve, repose it on my head with a tilt towards the right ear, ring for my secretary and begin.

If you had looked in on me at 10.30 this A.M. you would have caught me with a pained expression, one hand reaching impulsively for the silk topper. But I relented. Suddenly I said to myself: "Hell, I can't high-hat good old Bill Farren that way."

Memories flooded my sympathetic cellar and put out the fire in my furnace of indignation.

I thought of old Sherry's where we used to stand knee-deep in that soft red carpet and snuggle up to the quiet little bar and order.

Then your eyes would get mildewed and you would say you'd never make any money because your nature was too sensitive. And to think it wasn't true at all; that you really *did* have great financial talent and that now you can hardly take a step without clanking with coin.

Now, softened into a state of mellow goodwill, I am writing you in a more kindly mood. Gently I beg to state that we are having—and have had—a barrel of grief trying to handle this here account of yours.

For some obscure reason or other I have never had any luck getting business from my friends. Some of them don't think I am very smart and therefore don't toss anything my way. Others think I am a wizard but are always suspicious that I am holding out on them. From now on, I don't believe I'll ever take another new advertising job except from a total stranger.

The situation which winds up with this letter has been fermenting for a long, slow spell. It has been gathering a sour pressure day by day until finally the bung blows out and so far away I don't think there is any use hunting for it. The incident which forced the plug is a small one—but it had all the past cumulatives behind it which put together made the complete blooey.

You know your world history well enough to realize that big wars have been primed and shot off by some dinky happening that wouldn't make a one-reel movie for a nickleodeon.

This morning I received a piece of typewritten paper from your sales-manager, Mr. Clement. It was intentionally an abrasive composition and while my skin is as thick as ordinary I do not like to have it chafed with verbal carborundum. As a rule sales-managers and myself have stuck together like two kids with one ice cream cone. Mr. Clement among other things hurt me in the region of my good intentions.

Specifically, Mr. Clement objected to being served by one of our younger men, a Mr. Thomas. It is true that Mr. Thomas is young. It is true that his ability is immature. But it is not true as Mr. Clement stated that we are "trying to run the Perkins-Thurlow Textile account with dressed-up errand boys."

Your account has been over-coddled from the start. We were conscious that it was a difficult problem in the first place, one that could not be grooved in established precedent.

That is why Ben Frost was put in charge of it. That is why, in the first year, we devoted so much time to research, conference, policies, etc.—a cautious, intelligent procedure which took our brains, money and patience unsparingly. I preferred to err on the side of being a little tardy in action for the sake of being demonstrably sound in the strategy of it.

In consequence, your organization became accustomed to seeing Ben Frost hovering around in a hand-holding rôle and Mr. Clement, particularly, fell into the habit of calling upon Ben Frost on the most minor matters. There was no complaint about that; it was, in a measure, a compliment. But it developed an internal situation of our own which called for more help and relief for Ben Frost.

There is where young Mr. Thomas

came in. He has some goods. There are many things he can do for Mr. Clement. If Mr. Clement would even allow him to perform the smallest pee-wee advertising errand for him, young Mr. Thomas would adopt Mr. Clement as a mercantile Napoleon and sleep in front of the Emperor's tent nights.

Instead of grabbing the 'phone and yelling for Ben Frost every time an envelope-stuffer was needed, if Mr. Clement would ask young Mr. Thomas to create an envelope-stuffer—can't you imagine, Bill, what young Mr. Thomas would do with all the responsibility? He would tear the Dublin art department, copy department and production department to pieces getting out the best envelope-stuffer that ever stuffed an envelope. If there *is* any such thing as the best envelope-stuffer.

There is, too, another side to this young man question in advertising. Advertising agencies, on the whole, are the most liberal spenders I know of when it comes to seeking out and trying fresh ability of different kinds. A sizable agency which has been in business as long as we have can easily charge off hundreds of thousands of dollars against the process of trying out men who didn't come through. And agencies keep on spending on dark horses and colts. Advertising agencies are smart enough to know that they can't lie down on the job of growing more and brighter brains—no matter how much the price hurts.

When an agency is willing to gamble on a young man I think it proper to ask a client to give him a pass to the client's premises if the boy behaves himself. Not out of sentiment but on business principle.

An agency can't train a man by giving him a scrap-book of last year's ads to thumb over. Advertising is a *contemporary art*. It is as contemporary as the latest shade in automobile paint. The beginner must be fed a certain ration of to-day's going problems. Advertising is also a *commercial* proposition. The beginner should be put where he can inhale the strictly *commercial aroma*.

What shall be done? You gave me your account in such an open-handed generous way that I am anxious to equal your fine spirit in the way I give it back to you.

Shall we function along—if you call it functioning—for the next 30 days? Or do you prefer sudden death? Let me know. And as you prescribe so shall we do. And do it with the good wishes of yours sincerely. JIM.

You Can See This Apparatus—*but You Can't Touch it*

IT was entirely an architect's idea, at first ridiculed, but now being adopted in many large buildings.

When the Metropolitan Edison Company, at Reading, Pa., contracted for a 12 story office building, architects of W. S. Barstow & Company, Inc., suggested glass and steel partitions for mechanical apparatus rooms in the basement.

"Electric switches, pumps and automatic telephone apparatus should be enclosed in glass for safety to visitors," the architect said.

After much discussion this plan was finally adopted and the basement of this building immediately became a show place—light and clean—safe from accident—different from the basements of most buildings.

For other examples of Barstow designing and building, send for our Construction Booklet.

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Engineering—Design—Construction

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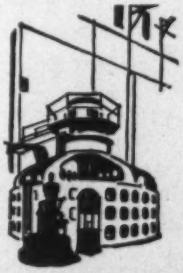

The Heart of Canada

If you are interested in the many advantages which this territory offers the manufacturer interested in Canadian, British Empire and world markets, you should read our booklet, "Industry's New Magnet," which is sent on request.

Department of Development

The Shawinigan Water & Power Company

Power Building • Craig Street West

MONTREAL, CANADA

THE BUSINESS WEEK

The Journal of Business News and Interpretation

September 10, 1930

And What A Year!

JUST a year ago this week, when the confident crowds came back to Wall Street from the Labor Day holiday to send stock prices staggering up to the peak which they never touched before, or since, *The Business Week* stepped onto the platform with some very bad news to which no one paid any attention.

On the first page of that first issue we said production and prices were declining, and trade even more; that money rates were critical; that security speculation had eaten nearly all its credit cake; and that the stock market was properly apprehensive of "the inevitable readjustment that draws near."

On the last page we said that for five years American business has been in the grip of an apocalyptic, holy-rolling exaltation over the unparalleled prosperity of the "new era"; that discussions of economic conditions had carried us into a cloudland of fantasy where all appraisal of present and future accomplishment was suffused with the vague implication that a North American millenium was imminent; and that clear, critical, realistic recognition of current problems and perplexities was rare.

And so, with a warning whoop and a skeptical scowl, we were born into the business world at the apex of an epoch of easy prosperity, facing from the first what no new business periodical had ever faced before—a period of depression, difficulty, and doubt, a complete reversal of the conditions that gave it birth.

We have followed through, step by step, the successive stages of this spectacular evaporation of the New Era illusion, fearlessly frank, remorselessly realistic in recording the news and interpreting the meaning of this great readjustment in American and world business life and thought, relentlessly resisting and firmly fighting off the defeatism and fatalism to which the shock of readjustment has given rise.

Tough as the task and unusual as the opportunity of this first year have been, they are for us but the beginning. We have said, and still believe, that what business has so far suffered has been a relatively mild recession, more serious in its shock to our sensibilities than in its actual economic effects. Though, as we foresaw two months ago, the painful process of recovery has tentatively set in, the peril of prolonged depression is not past, and the real problems of business readjustment have been barely approached. Even though we escape that peril by prompt application of proper public policies and energetic exercise of individual business initiative, these problems will remain.

The picture of prospective domestic and world economic and political conditions has been critically changed. Governmental policies toward business are everywhere in transition; new forms of social control in economic affairs are spreading abroad; new factors affecting international trade have arisen; agriculture in all countries is in process of radical reorganization; the rate of population growth and market expansion has begun decisively to decline; the structure of industry, trade, and finance is being reshaped by new forces of technology and competition; complex questions of credit and price control have emerged and press for solution.

In all the flux and confusion that face business in this new and uncertain future, the need for rapid, realistic reporting and interpretation of the news will be more intense than ever. There will probably be few booms to bark about; there will certainly be many defeats and difficulties to face and fight against. On its first birthday *The Business Week*, tested in a year of trial, looks forward to the frolic or the fray, alert, untiring, open-minded, unafraid.

The same to you!

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